

Tamil Pact Signed in Colombo

Gandhi Pledges India's Support, Riots Continue

Colombo, Sri Lanka — The leaders of India and Sri Lanka signed an agreement Wednesday intended to end four years of ethnic conflict in Sri Lanka, but Sinhalese opponents of the accord rioted for a second day.

At least 15 people were killed and 75 injured, including six policemen, according to police and reports from around the nation.

Although Prime Minister Rajiv Gandhi of India and President Junius R. Jayawardene of Sri Lanka signed the accord, the agreement was not initiated by any representative of the Tamil rebels.

They have been fighting the Sinhalese-dominated government to gain a Tamil homeland in the island's Northern and Eastern Provinces, where most of the Tamils live.

Mr. Gandhi pledged after the signing to "scrupulously fulfill the obligations" of the peace pact, which would set up a single provincial council to govern the two provinces and grant amnesty to the rebels.

Asked about the reservations of the Tamils, Mr. Gandhi said talks were continuing. "I feel they will go along with us on this," he added.

Mr. Gandhi said Tuesday that Velupillai Prabhakaran, leader of the main rebel group, the Liberation Tigers of Tamil Eelam, had made a last-minute statement renouncing his opposition to the pact. Mr. Prabhakaran could not be reached for comment.

The Tamils, who comprise 18 percent of Sri Lanka's population of 16 million, say they are discriminated against by the Buddhist Sinhalese. Most Tamils are Hindus, as are most Indians. The Tamil rebels have exile headquarters in southern India, where there is a large Tamil community.

The pact has divided Mr. Jayawardene's government and Sinhalese fears that it means a de facto division of the island. Prime Minister Ranasinghe Premadasa and his agriculture minister boycotted Mr. Gandhi's visit.

Many Sinhalese believe the pact makes too many concessions to the Tamils, and violent protests broke out in Colombo for a second day and spread Wednesday to other southern cities. Buddhist monks led many of the demonstrations.

Police opened fire on crowds at several sites to disperse mobs. Mill-



The Italian village of Aquilone, where 14 persons were still missing Wednesday after a landslide and high winds. Page 2

French Battle Group Is Ordered to Sea

International Herald Tribune

PARIS — France ordered an aircraft carrier battle group to sea Wednesday, saying it intended to "protect our interests in the Mediterranean and the Indian Ocean."

The order, from Defense Minister Andre Girard, had been expected since Sunday, when the French Mediterranean fleet was put on alert in the southern port of Toulon. It added a new dimension to a protracted quarrel with Iran that prompted France to break diplomatic relations on July 17.

The Defense Ministry said the ships — the aircraft carrier Clemenceau, two frigates and a supply vessel, with a total of 3,000 crew members — would sail by noon Thursday. But it declined to say where they were headed.

Mr. Girard's statement implied that they were bound for the Gulf, a voyage of about two weeks.

Earlier, Foreign Minister Ali Akbar Velayati of Iran dismissed the French naval alert as a saber-rattling exercise aimed at a domestic audience.

Foreign defense experts said the deployment probably was intended to put psychological pressure on Iran at a time when France wants an accord on the repatriation of the diplomats of both countries. Meanwhile, it is strengthening its forces in the Gulf area in anticipation of a possible worsening of the situation.

If the Clemenceau continues to the mouth of the Gulf, its 40 Super-Endurair planes will be within reach of Iranian bases.

The original declaration of the alert Sunday meant that about 2,000 French sailors had to return immediately from leave.

Defense experts said the remobilization of so many personnel made it difficult for the French Navy to keep the fleet in port awaiting orders, when the diplomatic situation could take weeks to resolve.

Three French frigates from France's Indian Ocean fleet are already in the Gulf. The United States, Britain and France patrol the area but have never sent an aircraft carrier through the Strait of Hormuz into the war zone, since a carrier's size and low maneuverability would make it an easy target.

Mr. Girard gave the order after a meeting between President Francois Mitterrand and Prime Minister Jacques Chirac. Since the deployment, Mr. Chirac has said the fleet would make it an easy target.

See FLEET, Page 6

U.S. Sends Copters to Sweep Gulf

Bonn Rejects Request to Help Hunt for Mines

WASHINGTON — Defense Secretary Caspar W. Weinberger has ordered the U.S. Navy to send eight minesweeping helicopters to the Gulf, where they will operate from a helicopter carrier, Pentagon officials disclosed Wednesday.

The order was issued Tuesday, and the sources said the departure of the helicopters from a base in Norfolk, Virginia, aboard C-5 transport planes was "imminent."

The development was not expected to delay the departure of a convoy of oil tankers from Kuwait with a U.S. escort.

[West Germany said Wednesday that it had turned down a request by Mr. Weinberger to help search for mines in the Gulf. Reuters reported from Bonn.

[A Defense Ministry spokesman, Horst Frayon, said the West German Constitution prevented Bonn from sending naval vessels to the Gulf, but that Defense Minister Manfred Wörner would visit Mr. Weinberger in Washington on Monday to discuss other possibilities of using the West German Navy to help the United States.

Under the plan disclosed Wednesday, the helicopters and support crews will be ferried to the island of Diego Garcia in the Indian Ocean.

From there, the helicopters will fly to meet the USS Guadaluacanal, an amphibious landing ship and helicopter carrier taking part in routine exercises in the Indian Ocean, the sources said.

The officials, who insisted on anonymity, refused to say when the Guadaluacanal and the RH-53D helicopters would arrive in the Gulf.

But the trip would require several days of steaming time, one official said.

The sources said the Bridgeton, a Kuwaiti tanker flying the U.S. flag, would join another refueled tanker, the Gas Prince, in sailing from Kuwait under U.S. naval escort by Friday. The Bridgeton struck a mine last Friday on the first U.S. escort trip into the Gulf but was able to continue on its way.

One official, in discussing the movement of the big RH-53D helicopters, said it was likely that only four of them would operate off the Guadaluacanal at a time.

"These are huge copters," he said. "But we want to get at least eight over there in the vicinity. Some will probably stay on Diego Garcia for the time being."

Kuwait and Saudi Arabia have

See GULF, Page 6

Republican Governors See Bush Ahead, Dole Back, Rest Out

By David S. Broder

Washington Post Service

TRAVERSE CITY, Michigan — The race for the Republican presidential nomination, in the eyes of state governors who are members of that party, has become largely a two-man contest, with Vice President George Bush well ahead of Senator Bob Dole of Kansas, the Senate minority leader.

Interviews with most of the 24 Republicans at the National Governors Association meeting, which ended Tuesday in Traverse City, produced repeated comments that the Iran-contra hearings have not seriously threatened Mr. Bush's candidacy and that his methodical personal campaigning and organizational work have made him the man to beat.

Governor George Deukmejian of California, saying the vice president "is further along than other candidates," told reporters that Mr. Bush has benefited from the Iran-contra hearings.

"There was speculation early he might be wounded, and that has not happened, so it's given him an opportunity to get additional financial and volunteer support," he explained.

Across the country, "Bush is the heir apparent," said Governor Edward DiPrete of Rhode Island, adding, as did several others, that the vice president "has to set out his own agenda," distinct from President Ronald Reagan's, in order to hold support.

Mr. Bush's aides said he would do that in an intensive speaking schedule between his formal announcement of candidacy, now planned for mid-October, and a series of network-sponsored television debates in early December.

For some Republican governors, that will be none too soon. "I told him three years ago he had to strike out on his own and be his own man," said Governor Henry Bellmon of Oklahoma.

Despite such comments, Mr. Bush's aides claim that they have realistic hopes of expanding his list of formal endorsements from the present four to as many as 14 governors before the first primary election. They expect no more than three governors to support other candidates.

Except for governors from such early primary and caucus states as Iowa and New Hampshire, most of those interviewed reported little organized support for the other Republican contenders: Representative Jack F. Kemp, Pierre S. du Pont 4th, Alexander M. Haig Jr., Paul Laxalt and Pat Robertson.

Mr. Kemp, of New York, and Mr. du Pont, the former governor of Delaware, were credited with growing organizations in the early states and in scattered small states with later primaries, while the support for Mr. Haig, the former secretary of state, and Mr. Laxalt, a former senator from Nevada, was viewed as spotty or nonexistent.

Governor Terry Branstad of Iowa, who intends to remain neutral in his state's Feb. 8 caucuses, said the momentum "has swung back to Bush again."

Governor John H. Sununu of New Hampshire, a supporter of Mr. Bush whose state will hold the leadoff primary eight days after the Iowa caucuses, said he thought the Reagan administration had come off well in the Iran-contra hearings and the "hard, hard feelings toward the investigating committee have rubbed off on our senator."

He was referring to Senator Warren B. Rudman, Republican of New Hampshire, who is co-chairman of the Senate panel and a likely leader of Mr. Dole's effort in New Hampshire.

Mr. Bush was judged to be ahead in Alabama, California, Florida, Illinois, Indiana, Maine, New Mexico, Oklahoma, South Carolina, Texas, West Virginia and Wisconsin. Mr. Dole's strength is concentrated in the Midwest and North Carolina, the home state of his wife, the U.S. secretary of transportation, Elizabeth Hanford Dole.

Surprisingly, the most serious doubts about Mr. Dole's candidacy were raised by Mr. Bellmon, who served 12 years in the Senate before retiring in 1980. "I like Bob Dole as a person," he said, "but he's very deficient in the international area, where Bush is very strong." Mr. Bellmon also expressed concern over whether Mr. Dole has abandoned what Mr. Bellmon called "the caustic, destructive, hip-shooting" tactics he used as the 1976 Republican nominee for vice president.

Probing the Boundaries of Glasnost

Protest and Rancous Rock Concert Leave Moscow Agog

By Philip Taubman

New York Times Service

MOSCOW — A joyous rock concert and an angry public demonstration in the last few days have established new boundaries for spontaneous public behavior and protest in Soviet society.

In different settings and for reasons that could hardly have had less in common, a group of Crimean Tatars seeking to redress grievances and the audience at a Billy Joel concert threw away the rule book that has governed public activities in the Soviet Union for decades.

Together, the Crimean Tatars and rock fans pushed Mikhail S. Gorbachev's drive for glasnost, or "openness," to a point that clearly left the authorities anxious. It seemed to amaze the participants themselves.

The Tatars, who want to regain the Crimean homeland from which they were exiled by Stalin in 1944, marched noisily outside the Kremlin for more than 24 hours over the weekend.

Even a few months ago, it would have been inconceivable for a human rights protest to occur in the heart of the capital without the participants being quickly whisked away by the police.

In this case, the demonstration ended when the Crimean Tatars were promised they could meet with President Andrei A. Gromyko on Monday. A few days earlier, Mr. Gromyko had been named to head a commission to examine the Tatars' complaints.

After they met with Mr. Gromyko, Tatar delegates expressed disappointment over what they said was a failure by the government to guarantee a sympathetic inquiry into their case.

At the rock concert, held Sunday night at the Olympic Stadium, thousands of people, energized by the presence and music of Mr. Joel, bolted from their seats an hour into the performance and started dancing in the aisles and pressing around the stage.

Many of the people there said they had never witnessed, much less taken part in, such a breakdown in the normal decorum at a public performance. The scene was repeated Monday night.

Following a series of less disruptive demonstrations in recent months in Moscow and Leningrad by unruly groups, the latest events suggested that both citizens and the government were feeling their way toward unexplored territory, unsure how far they could go.

One indication of the uncertainty was the reaction of the Soviet concert organizers, who first upbraided Mr. Joel's associates for letting things get out of control, then later assured the Americans that everything was all right.

As the people in the audience, who sat almost motionless through the first part of the concert, broke out of the trance that seems to affect Soviet spectators at public events, many people looked around in astonishment at the scene and their own role in it.

Although such behavior at rock concerts would be routine in the West, spontaneous behavior at public events is absent in the Soviet Union. What made the behavior all the more striking was that many of those dancing and gesticulating wildly were people in their 30s and 40s, who normally would be likely to condemn such conduct.

It was as if emotions and energy that had been pent up for years were suddenly released.

News of the Crimean Tatar protest and the rancorous behavior at the concerts, although not reported in the Soviet press or on television, See SOVIET, Page 6



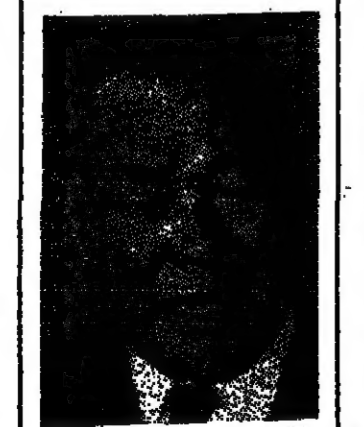
TALKING IN GENEVA — Alexei A. Obukhov, right, the deputy leader of the Soviet arms negotiating team, and two aides discussed documents on Wednesday to be given to their U.S. counterparts. Moscow insisted on respecting the 1972 ABM treaty. Page 6

Kiosk Lebanon Blast Said to Kill 50

BEIRUT (NYT) — An explosion on a train killed more than 50 people in northern Syria a few days ago, a Lebanese radio station reported Wednesday.

"Voice of Lebanon," the Christian Phalangist Party radio, said the blast ripped through three carriages of the train bound from the city of Aleppo to the rural district of Al Jazira about 70 miles (113 kilometers) north of the Syrian capital of Damascus.

There was no immediate confirmation of the report from Damascus or any other source.



An appeals court upheld the conviction of former Prime Minister Kakuei Tanaka for taking bribes from Lockheed. Page 2

GENERAL NEWS

- Giovanni Goria, Italy's new prime minister, is perceived as a soft-spoken "superstar." Page 2.
- Toshiba conceded that it made other Soviet sales. Page 6.

BUSINESS/FINANCE

- The European Community is investigating last year's takeover of Alfa Romeo SpA by Fiat SpA. Page 11.



The battle of the designers: Saint Laurent's fox-bordered leather coat, left, and Lacroix designs for evening wear. Page 6

Daggers Amid Feathers and Bows

Lacroix's Stardom Is Too Much for Saint Laurent

By Hebe Dorsey

International Herald Tribune

PARIS — No matter where you go during the current couture collections, you can't get away from Christian Lacroix. He has stolen the show. And now he is at the center of a royal battle between Yves Saint Laurent and John B. Fairchild, the publisher of Women's Wear Daily, who was not admitted to the Saint Laurent showings Wednesday.

And what has Fairchild done to deserve this?

Saint Laurent showings: Fur trims, strong colors. Page 6.

The view at Saint Laurent is that Fairchild, who has hailed Lacroix as Paris's new fashion hero, is using him to destroy Saint Laurent.

For 20 years, Fairchild has been Saint Laurent's most loyal supporter, giving his collection a four-star rating year in and year out. By publishing page after page of Saint Laurent designs, Fairchild also widely influenced Seventh Avenue.

Love has turned to hate since last season, when Fairchild gave the cover of his influential publication to Lacroix, and put Saint Laurent aside.

Fairchild said that Saint Laurent and his business manager, Pierre Bergé, "couldn't do a business that we didn't rave about their last collection. It's very sad for us after 20 years of friendship. I even spent \$10,000 making a book, which I sent them, with every single article we ran on Saint Laurent in the last 20 years. This included 70 'W' covers. I didn't hear a word. I sent them a telegram inviting them to come to my Legion of Honor in September — and again, not a word. The only message I got was a telegram from their lawyer threatening to sue us if we ran pictures of the Saint Laurent collection. But you know me," Fairchild added, "I don't care. I love a fight."

Bergé's answer was: "We don't like traitors. I don't accept that Fairchild sent a telegram to Yves last season saying: 'You're the king of fashion. Long live the king,' then put him on the second page. And I don't like him using Lacroix to destroy Saint Laurent."

Why would Fairchild do such a thing? "Because," Bergé said, "Mr. Fairchild is a megalomaniac who wants to prove that he can make or break."

As to Fairchild's long years of unconditional friendship (which, many felt, sometimes damaged the publisher's professional credibility), Bergé said: "So what! He's done a lot for us and we've done a lot for him. It's like a divorce. Lucky that we didn't have any children."

But back to Lacroix. Bergé, who saw Lacroix's collection the other day, said: "It's very good and lively but I don't think it's contemporary. It's very amusing and interesting and I don't scorn it. It's like fresh air but I don't find him a master of cut. But I have nothing against him. I even sponsored his entrance to the Chambre Syndicale."

Mr. Meese was affable throughout. And the story he told was marked by singular lack of passion — and curiosity. As he described it, his inquiry for President Ronald Reagan into the origins of the Iran arms sales was casual. He seems to have experienced no sense of alarm, anger or betrayal as he learned that some of the president's closest advisers were deeply involved in what he himself belatedly recognized to be a possible criminal matter.

By his own account, he appeared reluctant to ask important officials tough questions about exactly what

See AFFABLE, Page 6

Attorney General Meese said the U.S. is still trying to free hostages in Lebanon. Page 6.

Goria: A Modest 'Superstar' Offers Italians a New Image

By Roberto Suro
New York Times Service

ROME — Giovanni Goria likes to recall that his first big move into national politics, his appointment as treasury minister in 1982, came as such a surprise that he had to borrow a friend's dark suit for the swartling ceremony.

Dressed in slightly informal bluish-gray, Mr. Goria took an oath Wednesday morning that made him prime minister of Italy's 47th postwar government. The man who describes himself as "an accountant who's also a politician" still expresses surprise at his own success, but by now a certain modesty has become part of Mr. Goria's political personality.

Mr. Goria has retained the image of an outsider in Rome although he has been in Parliament since 1976 and is a well-established player in the corridors where deals are made. Behind a salt-and-pepper beard, he radiates an earnest lack of pretension, yet he is also one of the most effective and most visible television performers on the political scene.

Proclaiming him a "superstar" in a cover story this week, the news-magazine L'Espresso speculated whether the considerable appeal of Mr. Goria's personality, as documented in public opinion polls, would translate into political strength. The contrast between his soft-spoken style and the staidness most typical of his immediate predecessors is listed as one of his major assets.

Mr. Goria, whose 44th birthday is Thursday, is already the youngest man to lead Italy since the fall of Fascism. Now commentators are wondering whether he might also be the first to take full advantage of the gradual "Americanization" of Italian politics, which has seen image growing in importance at the expense of party machines.

When he had finished reading off the names of his cabinet mem-

bers on television Tuesday night, Mr. Goria added a quip under his breath, a slang expression that might translate as "Oh lord, wish us luck."

Mr. Goria is going to need all the clever gestures, good luck and blessings he can get, according to most analysts. In a front-page editorial Wednesday, the Milan newspaper Il Giornale said, "Goria clamorously blundered his entry on stage. It was not all his fault, but he is the one who lost face."

Twice Tuesday evening he had to postpone announcing the formation of his government while the members of his five-party coalition haggled over the distribution of cabinet posts. At one point, his aides had suggested, the whole enterprise looked like it was going to collapse after two weeks of negotiations, forcing Mr. Goria to an-

nounce that he had failed to form a consensus.

The messy display of power brokering is being widely described as a sign of the fragmented and highly combative political situation that Mr. Goria will have to manage. His capacity to meet this kind of challenge is a virtual unknown.

Born in Asti, the Piedmont town famous for its sparkling wines, Mr. Goria is the son of a civil servant and a shopkeeper. He studied economics and worked at a local savings bank but was already a member of the Christian Democratic Party at age 17. His career advanced under the patronage of Ciriaco De Mita, the current party secretary, and he quickly became the Christian Democrats' most authoritative voice on economic matters.

His wife, Eugenia, and their two children, ages 15 and 11, have remained in Asti. Meanwhile, Mr. Goria has kept a studio apartment in Rome, and he has become a familiar figure in the capital's fashionable restaurants and chic salons. He confesses to being "a fugitive father," seeing his family only on some weekends.

First as budget undersecretary and then as treasury minister, Mr. Goria has played a central role in developing economic policy during a period that has seen Italy enjoy a boom in productivity and a sharp decline in inflation. Opinions are sharply divided over how much credit he deserves.

Eugenio Scalfari, editor of Italy's top-circulation daily, La Repubblica, wrote last week, "If inflation has come back under control, to the extent that it has not depended on international factors, the merit should be ascribed to him, along with the governor of the central bank."

Others reject Mr. Goria's image as the hard-nosed administrator of unpopular but successful policies. Bruno Visentini, a Republican who



Giovanni Goria

was finance minister much of the time Mr. Goria was at the treasury, criticized the new prime minister for almost tripling the size of the government debt and said Mr. Goria had achieved political success by ballooning an already substantial budget deficit.

Cutting that deficit at a time when Italy's boom appears to be leveling off is going to be as much a challenge for Mr. Goria as keeping the peace among his bickering coalition partners.

The talents he brings to his new job were summed up by Indro Montanelli, editor of Il Giornale, who wrote: "The man is certainly not a Bismarck or a Metternich. But, he has a clean face, full of energy, he stirs up maternal instincts in women and he also pleases men because, among so many matadors, he stands out with his air of a somewhat clumsy rustic."

U.K. Sells a Cruiser to Chile

Agence France-Press

LONDON — Britain has sold Chile a light cruiser equipped with four Exocet missile launchers for £10 million (\$15 million), the British Defense Ministry said Wednesday.

Britain, France Give Go-Ahead to Tunnel

By Julian Nundy
International Herald Tribune

PARIS — Britain and France completed the last formalities Wednesday for building an English Channel tunnel, giving the final go-ahead to construction of a project whose concept dates back at least 236 years.

But despite an atmosphere of mutual congratulation, the picture was still marred by British reluctance to build the necessary rail lines for the highly successful French high-speed train, or TGV, to run at its top speed of 180 miles per hour (280 kilometers per hour) as far as London.

If the train, which needs special tracks with a minimum of bends and curves, were to be fully exploited, a traveler could go from central Paris to central London in three hours and 15 minutes, about 45 minutes faster than the current average time for a plane passenger.

President Francois Mitterrand told Prime Minister Margaret Thatcher at a ceremony at the Elysee Palace that the tunnel, a 30-mile (48-kilometer) rail link scheduled for completion six years from now, meant that "we can at last say that the continent has ceased to be isolated."

As ratified copies of the 1986 French-British treaty were exchanged, Mrs. Thatcher replied that construction of the tunnel, Europe's largest civil engineering project ever, had been foiled in the past "by bureaucracy, narrow minds or plain fear of the unknown."

The exchange of documents, which include procedures for arbitration in the event of disagreements, was made possible when the House of Lords ratified the treaty July 16 and Queen Elizabeth II gave the Royal Assent last Thursday. The French Parliament ratified the treaty in the spring.

"No one would have been more thrilled than Queen Victoria, who always saw a channel tunnel as of-

fering salvation from her dread of sea sickness," the British prime minister said.

Mr. Mitterrand said that he did not expect what he called Britain's "insular spirit" to disappear.

The \$7.5-billion tunnel, to be built by the Eurotunnel consortium, will be constructed entirely by private enterprise with no state funding, a condition that is strictly laid down by the various treaty provisions.

Huge machinery has already been built to begin boring the tunnel early next year, and Mrs. Thatcher said that £23 million (\$37 million) worth of equipment had already been ordered from British companies. Exploratory work is under way.

Mrs. Thatcher said that France and Britain planned to operate high-speed trains "between Paris and London from the date of the opening of the tunnel."

But officials made it clear that this meant only that the TGV would run, at a maximum speed of 100 miles per hour, on existing tracks. The lines that it would use in southeastern England serve a network of slow commuter trains. The restriction will make the journey last around four hours.

British Rail officials attending the Elysee ceremony said that the TGV used on the run would have to be adapted for use on British tracks. One problem is that French trains use overhead cable for their electricity whereas trains in southern England get power from a third rail on the ground.

More Heat Is Forecast For Greece

United Press International

ATHENS — Army bulldozers dug mass graves Wednesday for hundreds of victims of a 10-day heat wave that finally ended this week when breezes from the north brought the temperatures down.

With thermometers dipping below 38 degrees centigrade (100 degrees Fahrenheit), Greek forecasters warned that the relief may be only temporary.

Another front from Africa's Sahara region threatens to generate an even worse heat wave next month.

Health Minister George Mangas said the death toll of more than 800 caused severe space problems in morgues, cemeteries and hospitals, where some bodies had to be stacked in hallways.

Health authorities said other bodies were placed in refrigerated railway cars until they could be buried.

In Athens, where the heat claimed most of its victims, bodies left in hospital corridors and in outdoor huts were posing a health hazard, officials said.

Water shortages arising from the 10-day heat wave were reported throughout the country. Farmers in northern Greece who saw their crops destroyed by winter frost now face the prospect of losing their summer crops as well.

The weather center in Athens said night temperatures around Greece had dropped to an average 36.5 degrees centigrade (98 F). "A cold front from the north has luckily brought very welcome cool breezes," a spokesman said.

He added that the front from the Sahara, which caused the 10-day eastern Mediterranean heat wave, "will return in even greater strength in August."

Lethal Blast of Air

Survivors of a landslide that buried two villages in northern Italy said Wednesday that they were thrown to the ground by a blast of air caused by the slide. Reuters reported from Sondrio, the main town in the valley of the Adda River where Tuesday's disaster occurred.

Officials in Sondrio said one woman was killed and 23 persons were missing, 14 of them from the hamlet of Aquilone.

Michele Presbitero, who heads a team of geologists, said most of the missing in Aquilone were probably killed by the blast of air. One survivor said the powerful winds tossed vehicles into the air. The survivor remembered a "terrible roar."

The hamlet is about 975 feet (300 meters) above the valley floor opposite the slope where the slide buried the villages of Sant'Antonio Morignone and Morignone.

Both villages near the Swiss border had been evacuated because of the danger of a landslide after floods and mud slides killed 16 persons in northern Italy 10 days ago.

Chirac Sets Canadian Visit

Reuters

PARIS — Prime Minister Jacques Chirac of France will visit Canada from Aug. 29 to Sept. 2, the government said Wednesday.

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WORLD BRIEFS

Tanaka Conviction Upheld on Appeal

TOKYO (NYT) — An appellate court on Wednesday upheld the conviction of former Prime Minister Kakuei Tanaka for taking bribes years ago from Lockheed Corp.

The Tokyo court, the second highest in Japan, upheld not only Mr. Tanaka's conviction but also his sentence of four years in prison and a fine of 500 million yen (currently \$3.3 million). The sentence has been suspended while the case, which began with an indictment in 1976, takes its way through Japan's judicial process. It will now go to the Japanese Supreme Court, insuring that a few more years will pass before it is finally resolved.

The ruling reaffirmed that a man who was Japan's undisputed kingmaker until recently will not play a significant role in the struggle under way among three somewhat younger politicians to succeed Prime Minister Yasuhiro Nakasone when his term expires in three months.

Mr. Tanaka was accused of having accepted payments totaling 500 million yen as prime minister in 1973 and 1974 (then \$1.7 million) to promote Lockheed aircraft sales to All Nippon Airways. Four other defendants, including Mr. Tanaka's former secretary, Toshio Enomoto, also were found guilty.

Bulgarian Leader Proposes Reforms

VIENNA (AP) — Todor Zhivkov, the Bulgarian leader, is planning major changes in the constitution and government that he says will lead to a more market-oriented economy, the Bulgarian news agency said Wednesday.

The BTA news agency, headquartered in Vienna, said the Central Committee had approved the changes and that a special national party conference would be held in December. BTA quoted Mr. Zhivkov as telling the Central Committee on Tuesday that the Council of Ministers, the governing body, and the State Council should be replaced by a single body.

The National Assembly, the nation's parliament, should become "a collective working body of self-management" and two or more candidates should contest each seat at elections. Mr. Zhivkov was quoted as saying, "He also proposed that national referenda be held on major issues."

Chinese President May Quit Politburo

BEIJING (UPI) — President Li Xianshen told a Japanese delegation Wednesday that he plans to retire from China's ruling Politburo in October as part of a plan to promote younger leaders, Japanese sources said.

Western analysts said the announcement indicated that China's senior leader, Deng Xiaoping, who has also expressed a desire to renounce key posts this autumn, may be succeeding in his efforts to persuade aging party veterans to quit the Politburo.

"At the 13th Communist Party Congress this October, I want to join the rear guard," Japanese sources quoted Mr. Li as telling Makoto Tanabe, the head of a Japanese Socialist Party delegation. "I want to resign from the Politburo and the Politburo Standing Committee," Mr. Li, who turns 78 this year, did not specify whether he would also renounce the presidency, a post to which he was elected in 1983.

Reagan Wants Bork Confirmed Soon

WASHINGTON (AP) — President Ronald Reagan urged the Senate on Wednesday to confirm Judge Robert H. Bork as a Supreme Court justice before the court's next term begins in October, saying that "no man in America" was as qualified.

Mr. Reagan's earlier endorsement of Judge Bork was not embracing a suggestion by Senator Bob Dole, Republican of Kansas, that Mr. Reagan appoint Judge Bork during the fall congressional recess. That would put Judge Bork on the court through the end of the next Senate session, normally the fall of 1988, delaying the confirmation process until then.

Confirmation hearings in the Senate Judiciary Committee have been scheduled for Sept. 15 by its Democratic chairman, Joseph R. Biden Jr. of Delaware. That would make it impossible for Judge Bork to be confirmed by Oct. 5, when the court term begins. Judge Bork's nomination is opposed by many liberal and civil rights groups.

OAU Asks Cut in Pretoria Air Links

ADDIS ABABA, Ethiopia (AP) — The Organization of African Unity on Wednesday urged member nations to cut air and shipping links with South Africa and to adopt other sanctions.

The call came in a declaration issued by the 50-member pan-African group on the last day of a three-day summit meeting dominated by discussions on South Africa, the continent's economic crisis, and the Chad-Libya territorial dispute.

The OAU's perennial calls for sanctions against South Africa have had little effect, and Zambia and Zimbabwe last week backed off on a pledge to cut air links to South Africa.

For the Record

Floods in Bangladesh have killed five more people, bringing the death toll to 12 in six days of rain in northern Bangladesh, officials said Wednesday. The rail link between Dhaka and the flooded district of Rangpur was cut Tuesday when a railroad bridge was washed out. (AP)

Michael H. Arneson, the U.S. undersecretary of state for political affairs, arrived in Athens on Wednesday for two days of talks covering the future of American military bases in Greece, officials said. (Reuters)

TRAVEL UPDATE

Changes Sought in U.S. Air System

NEW YORK (NYT) — In a rare show of agreement, U.S. airlines, commercial airlines, private pilots and other users of the American civil aviation system have produced a plan to combat what they say are threats to the efficiency and safety of the nation's air operations.

Their two leading goals are more money to modernize air control and a national program to increase airport capacity. Six areas were chosen for redoubled efforts: the capacity of the air-traffic system; the capacity of the airports; modernization of the air-space-airport system; aviation weather reporting; collision avoidance and air-ground communications.

To ease the problem of congestion, the report urged immediate decisions to increase the controller force. It also called for large increases in the technician force that maintains air-traffic equipment.

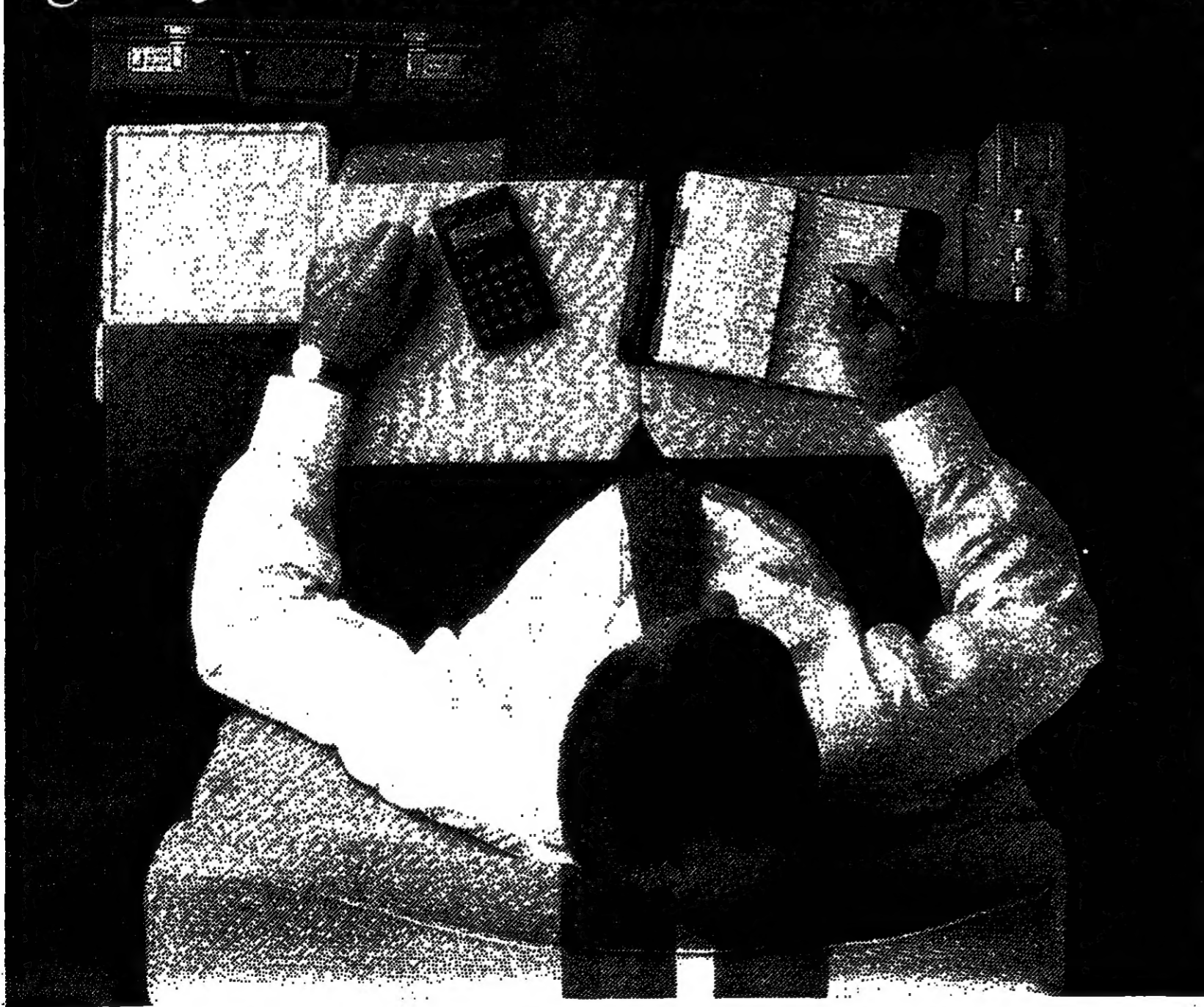
The U.S. has begun an investigation of maintenance at Eastern Airlines in Boston after the airline dismissed a mechanic for alleging that some planes were mechanically unsafe, officials said.

Getwick airport has overtaken New York's John F. Kennedy as the world's second busiest, the airport authority said Wednesday. It said that in the year ending in April, Getwick handled 15,857,000 passengers, 100,000 more than JFK. London's Heathrow is the world's No. 1 airport. It handled 24,764,000 passengers. (UPI)

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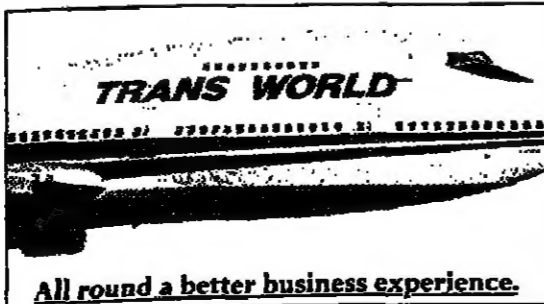
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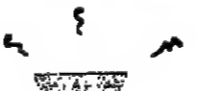
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28013 MADRID

On Tuesday, newspapers published the texts of modifications of government decrees, including a new measure permitting the government to keep any press organ accused of "incitement to rebellion, sedition or mutiny" closed for the duration of an investigation.

people, was ordered Wednesday to pay £400,000 (\$640,000) toward the cost of the public inquiry into the disaster. The chairman of the inquiry, Sir Barry Sheen, said the company had to bear heavy responsibility for the disaster.

THE TRIBUNE

initiative, administration officials said, is the fear of well-coordinated foreign competition on a new high-technology battlefield. Japan and the Soviet Union have set in motion national programs on superconductivity.

The legislative part of the president's program ties three proposals together in one bill under the rubric of superconductivity. Anti-

Middle East.

Tuesday, carrying special barrels to hold any items brought up from the luxury liner. The barrels contain water that is the same salinity as the water around the ship.

The Titanic lies in 12,400 feet (3,800 meters) of water about 350 miles (560 kilometers) south of Newfoundland.

the loss of 1,513 lives.
(Reuters, AFP)

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BUBBLY FROM THE DEEP — A salvage operation off Massachusetts yielded these two bottles of 1898 Moët & Chandon champagne, found on the sunken luxury liner RMS Republic. A salvager, Martin Bayerle, showed them to reporters in East Falmouth before submitting them and other items to appraisers from Christie's auction house of London.

(Continued From)

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(Back Page)

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The Reagan administration selected the association as the monitoring group in the hope that it

officials were not dismayed by the charges, because "there probably isn't an armed force in the world that doesn't commit breaches of discipline."

Nonetheless, Mr. Kagan said the charges were serious and "we expect resistance leaders to resist."

guans in exile was the rapid success of those who were not part of the families that held political and economic power under the dictatorship.

British citizenship was granted Antanas Gecas, a retired engineer living in Edinburgh who has been accused of Nazi war crimes in Lithuania.

But a Home Office spokesman on Tuesday ruled out his extradition to Israel or the Soviet Union.

SAS
The Businessman's Airline

Herald Tribune.
Published 100 Years Ago
Bringing the world's most
important news to the world's most
important audience.

[illegible]

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Soviet Still Linking Stance on Strategic Weapons to SDI

United Press International
GENEVA — The Soviet Union presented new proposals to the United States on Wednesday on limiting space-based missile defense systems as a condition for any cuts in offensive long-range nuclear weapons.

Alexei A. Obukhov, the deputy leader of the Soviet arms negotiating team, said the proposals would prevent deployment of weapons in space by maintaining the 1972 Anti-Ballistic Missile treaty.

At the same time, the Soviet negotiator said he had initially "found no compromises" in modified U.S. proposals made Tuesday on the global elimination of intermediate nuclear forces, which include shorter- and medium-range missiles.

"I will have to study them more deeply with the American side in search of compromise," Mr. Obukhov said.

American officials said they hoped the U.S. proposals would lead to early completion of a treaty on intermediate nuclear forces that could be signed at a summit meeting, possibly before the end of this year.

Mr. Obukhov confirmed Wednesday that Moscow still linked reduction of strategic long-range nuclear arms to strict limits on anti-missile systems, such as President Ronald Reagan's Strategic Defense Initiative.

"There is an objective tie between the issue of space weapons and strategic weapons," Mr. Obukhov said. "It is simply not possible to de-link them."

"Preventing an arms race in space would open the possibility for reductions in strategic offensive weapons," Mr. Obukhov said at the Soviet delegation building before a special plenary meeting with U.S. negotiators.

American officials said the Soviet position was basically unchanged since the Geneva talks on strategic long-range nuclear weapons. Intermediate missiles and space-defense systems began on March 12, 1985.

Moscow always has insisted that U.S. proposals for a 50 percent cut in strategic nuclear arsenals could be considered only along with agreement on limiting research on

space-based anti-missile systems to the laboratory.

On Tuesday, the United States met several Soviet demands on shorter- and medium-range ground-launched nuclear missiles.

Washington agreed that there be no conversion of scrapped missiles to other types of weapons, for example, moving land-based cruise missiles to ships or converting Pershing-2 medium-range missiles into shorter-range Pershing-1B rockets.

The United States also modified its earlier proposal that the Soviets dismantle and destroy their intermediate missiles first until American levels are reached.

There also were changes in U.S. verification requirements that Moscow complained had been too far-reaching and complicated.

But the two sides remained at loggerheads over the 72 old Pershing-1A shorter-range missiles deployed by West Germany and for which the United States controls the nuclear warheads.

SDI Timing Questioned
Michael R. Gordon of The New York Times reported from Washington:

A team of high-level advisers to the Defense Department has raised serious questions about the Pentagon's plan to speed up President Reagan's program to develop a space-based defense against attacking missiles by the mid-1990s.

In a draft report, the advisers also strongly support continued work on the anti-missile program, concluding that much good work has been done.

The draft, prepared last month, asserts that the Pentagon lacks enough information to assess confidently how effective such a system would be, what it would cost or when it could be deployed.

Defense Secretary Caspar W. Weinberger has said that it might be possible to start deploying defenses against missile attack earlier than expected because important progress has been made. But the draft report emphasizes that it is premature to assess the feasibility of an initial, partial defense under the SDI plan.

The report takes note of "pieces of missing technology" that it says would be used in the first phase of a space-based defense.



Labor Camps for 6 Chernobyl Officials

Six officials of the Chernobyl nuclear power plant were sentenced Wednesday to long terms in labor camps for their roles in the world's worst nuclear accident. Three of the defendants — including the power station's director, Viktor P. Bryukhanov, the deputy engineer, Anatoli S. Dyatlov, and the plant engineer, Nikolai M. Fomin (left to right in photo), received the maximum penalty of 10 years in labor for gross violations of safety rules and criminal negligence. Three others received lesser terms in connection with the April 26, 1986, incident, when a reactor exploded, killing 31 people and forcing the evacuation of 135,000 from around the site, 60 miles northwest of Kiev.

Finance Minister Will Stay in Louvre

The Associated Press

PARIS — A project to overhaul the Louvre Museum suffered a setback Wednesday, when a prominent member of the government refused to move out of his quarters there, delaying the renovations until the end of the century.

Finance Minister Edouard Balladur and 1,200 of his civil servants will remain in the museum's north wing until "appropriate space can be found for them in the center of Paris," a government statement said.

The decision means that the multimillion-dollar project designed by the Chinese-American architect, I.M. Pei, will not be completed until the end of the century. But it does not affect the erection of a tall glass pyramid marking the museum's main entrance. The pyramid is to be inaugurated next spring.

Mr. Balladur thereby preserved what the French call the "sacred triangle," the link between Elysee Palace, home to French presidents since 1873, the Hotel Matignon, the

prime minister's headquarters since 1958, and the Louvre, which has housed the Finance Ministry since 1871.

The statement ended a 16-month dispute between Mr. Balladur, the most powerful member of the cabinet after Prime Minister Jacques Chirac, and Culture Minister Francois Leleux, who wanted Mr. Balladur to relocate next year to a modern complex at Bercy on the eastern side of Paris.

Mr. Balladur made no secret of his wish to remain in the heart of the capital, close to the National Assembly and the financial markets.

Wednesday's statement, issued jointly by Mr. Balladur and Mr. Leleux after the weekly cabinet meeting, said: "The second phase of the Louvre project will be completed over 10 years. The Ministry of Economy, Finance and Privatization, the minister responsible for the budget and 1,200 civil servants will remain in the Louvre palace waiting for appropriate space in the center of Paris."

However, in a nod to Mr. Leleux, the statement said another 1,200 civil servants from the ministry would move to the Bercy complex starting at the end of next year.

Ex-Kazakh Leader Loses Party Post

Agence France Press

MOSCOW — The former leader of the Kazakh Soviet Socialist Republic was removed from the Central Committee of the Communist Party during its plenary session this week in the Kazakh capital of Alma-Ata, Pravda reported Tuesday.

The move on Monday was a further disgrace for Dinmukhammad A. Kunayev, who was dismissed in December as first secretary of the Kazakh Communist Party after being charged with "serious deficiencies" in his management of the republic he had led for 17 years.

Toshiba Says That It Made Earlier Sales To Moscow

By David E. Sanger

New York Times Service

NEW YORK — The Toshiba Machine Co. has conceded that it began selling the Soviet Union advanced milling tools for ship propellers as long ago as 1974, suggesting to U.S. investigators that the Japanese manufacturer had a far more extensive, long-term trading relationship with Moscow than previously believed.

The Toshiba statement Tuesday came as the Pentagon, in a declassified summary of Soviet advances in the design of complex, quiet propellers, described a significantly larger role than earlier suspected for Norway's state-owned arms company, Kongsberg Vapenfabrik.

The discovery of a broader pattern of such shipments to the Soviet Union will likely inspire further movement in Congress to retaliate against Toshiba and Kongsberg, congressional officials said.

The disclosures also called into question earlier accounts in which the Soviet Union was said to have first approached the two companies to obtain state-of-the-art milling equipment, and the software that drives it, in the early 1980s.

U.S. investigators had previously suspected that both Toshiba Machine and Kongsberg "tripped into the deal," in the words of one U.S. official, when they were approached by a small Japanese trading firm that had a Moscow office.

Now U.S. officials are increasingly suspicious that both the companies and their products were well known to the Soviet Navy by the time eight huge machine tools were installed at the Baltic Ship Yard and neighboring facilities outside Leningrad in 1983 and 1984.

The Pentagon report said it was not until 1979 that the Soviets initiated an advanced program to quiet their submarine propellers, one of the major sources of underwater noise that both the Americans and Soviets try to detect to track each other's submarines.

"By 1981 the Soviets had acquired modern computer-controlled drafting equipment and a five-axis, numerically controlled propeller milling machine, which used Kongsberg numerical controls," the report added.

There had been no previous suggestion that Kongsberg was providing the controls before 1985.

Toshiba Machine's admission, that it sent two large machine tools to the Soviet Union in 1974 was made Tuesday in response to a Japanese press report that as many as six machine tools may have been shipped before 1981. The admission caused little surprise among U.S. officials.

"This is the first solid indication we have had that, prior to 1982, Toshiba was doing business with the Soviets," said Stephen D. Bryen, who heads the Pentagon's export-control office. "But we had indications that the Soviets were getting some help in the 1970s, and now we are beginning to know what that help was."

In a terse statement released in Tokyo, Toshiba Machine suggested that it had modified the equipment in the 1974 shipment so it would fall within Western restrictions on the export of technology to the East bloc. The restrictions prohibit the export of any tools that allow the simultaneous use of more than two planes in which the cutting heads can carve a propeller into shape.

Pentagon officials said Tuesday that the equipment modifications were temporary and easily reversible.

In Tokyo, Japanese officials, who have disclosed few details of their investigation, said that they were exploring the possibility of further export violations.

"Our investigations so far haven't led to anything that makes us believe that Toshiba Machine made illegal sales of machine tools to the Soviet Union before 1982," a spokesman for the Ministry of International Trade and Industry said.

Pentagon Estimates Cost
U.S. officials at the Pentagon said Tuesday that a classified Defense Department study estimates that developing new technology to re-establish the edge in tracking Soviet submarines will cost at least \$8 billion over 10 years. The New York Times reported from Washington.

Calculations are difficult because the navy can proceed in a variety of directions, and it is unclear which will best restore the U.S. advantage.

Efforts for Hostages Continue, Meese Says

United Press International

WASHINGTON — Attorney General Edwin Meese 3d told Congress on Wednesday that the Reagan administration was still engaged in efforts to free nine Americans believed to be held hostage in Lebanon.

Mr. Meese did not elaborate.

He made his disclosure as he began answering questions on the second day of testimony before the panels investigating the secret sale of arms to Iran and diversion of profits to the Nicaraguan rebels.

Senator Warren E. Rudman, Republican of New Hampshire, leading off the questioning of the nation's chief law enforcement officer, said he wanted to make it clear that while he had trouble with some aspects of Mr. Meese's initial inquiry into the Iran-contra affair, he believed that Mr. Meese was acting in good faith in trying to get the facts out.

Mr. Rudman has come under criticism from some other conservative Republicans for what they consider tough questioning of witnesses at the hearings and his earlier criticism of Mr. Meese's investigation.

Mr. Rudman asked Mr. Meese about disclosures that agents of the Drug Enforcement Agency were used during the Iran initiative in a failed project by Lieutenant Colonel Oliver L. North, the former National Security Council aide, to pay ransom for the hostages in Lebanon.

Retired Major General Richard V. Secord, the first witness at the hearings, told investigators in May that DEA agents received expense payments from a Swiss bank account during a White House discussion.

Mr. Meese said neither Colonel North nor the former National Security Adviser, Vice Admiral John M. Poindexter, was asked to furnish a detailed account of his Iran-contra activities before he left the White House before last Nov. 25, because criminal attorneys and agents of the Federal Bureau of Investigation were not ready to seek such information from them.

AFFABLE: Study in Incuriosity

(Continued from Page 1)

they knew. He did not directly ask William J. Casey, the director of the Central Intelligence Agency, for instance, whether he knew about the diversion of arms sales profits to the Nicaraguan rebel forces. He never asked the president whether he knew about this diversion.

He apparently never specifically asked Mr. Reagan to relate everything he knew about the early arms-for-hostages discussions, nor did he ask what the president had authorized, what he had been told by whom. He did not ask Mr. Poindexter, another former national security adviser, whether he had received other memorandums outlining the diversion plan sent "up the line" to him by his aide, Colonel North.

One moment on Tuesday crystallized Mr. Meese's state of mind as he described his efforts to gather "the facts" for the president and the American people and end internal administration confusion that he said surrounded the secret U.S.-Iran arms transactions.

It came when he was being questioned by the House chief counsel, John W. Nields Jr., about a critical moment in the unraveling political drama last November. It was Thursday, Nov. 20, when much of the damaging story was being publicly disclosed, much more was in jeopardy of being exposed, and Mr. Meese had just been informed by Justice Department aides that high government officials had knowledge of "contradictory stories being given by other central participants."

"Did it at least cross your mind during your conversation," Mr. Nields asked the attorney general, "that you might be dealing with something more than just confusion?"

"No sir, it did not," Mr. Meese replied. "As a matter of fact, that didn't cross my mind at any time during that day or the next several days."

The night before, Mr. Reagan had given what Mr. Meese testified he knew to have been inaccurate

recited effort to find the U.S. hostages.

Mr. Meese said he was never informed that DEA agents had been involved in operational activities.

Mr. Meese suggested that further questions on the subject should take place in a private session as there are "still activities ongoing in regard to the hostages."

Nine Americans and 15 other persons have been kidnapped in Lebanon.

In his first day of testimony Tuesday at the congressional Iran-contra hearings, Mr. Meese calmly defended the casual nature of his November "fact-finding" inquiry, by blaming the confusing and conflicting accounts he received from top-level colleagues at the time.

In other testimony Wednesday, Colonel North met 35 times with the former director of the Central Intelligence Agency, William J. Casey, at CIA headquarters in Langley, Virginia.

Colonel North has testified that Mr. Casey knew all along that profits from secret U.S. arms sales to Iran had been diverted to the Nicaraguan rebels, but Mr. Casey did in May before investigators could question him.

Mr. Meese said neither Colonel North nor the former National Security Adviser, Vice Admiral John M. Poindexter, was asked to furnish a detailed account of his Iran-contra activities before he left the White House before last Nov. 25, because criminal attorneys and agents of the Federal Bureau of Investigation were not ready to seek such information from them.

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GULF: U.S. Sends Covert

(Continued from Page 1)

turned down U.S. requests for the use of bases for the helicopters.

Minesweeping helicopters tow a device known as a magnetic-influence hydrofoil vehicle through the water to detect mines.

New Minesweepers

Earlier, John H. Cushman Jr. of The New York Times reported:

The U.S. Navy has fallen years behind schedule and is hundreds of millions of dollars above budget as it struggles to rebuild its obsolete fleet of minesweepers, officials say.

Because of a two-year delay in a program to build oceangoing minesweepers, the first of the new vessels is still undergoing sea trials. Five of the 14 ships in the new Avenger class were to have been delivered by now as part of the \$1.5 billion program. Instead, the first is to be commissioned in September.

Last year, the navy canceled a program to build 17 coastal mine hunters, and it is now arranging to buy ships designed in Italy instead.

Government officials have said that because the navy has only three very old minesweepers in active service, it is unlikely to use them to clear Gulf shipping lanes.

Minesweepers operate at speeds of only about 5 knots, and cut a relatively narrow swath of safety through mined waters, so they are not often used to lead convoys. Instead, they troll through waters where mines might be a danger and mark safe channels.

Five merchant vessels have struck mines in Gulf waters since May 17.

FLEET: France Sends a Carrier Battle Group to Sea

(Continued from Page 1)

pute with Iran began in late June, the Socialist head of state and his conservative prime minister have been at pains to stress their unanimity of views.

French commentators have speculated that Iran wanted to exploit political tensions between the two men, but the only serious signs of strain have been between ministers of Mr. Chirac's Gaullist Rally for the Republic.

The dispute with Iran started when Wahid Gerdji, an interpreter at the Iranian Embassy, rejected a summons to testify on his alleged

links with the bombings last year in Paris that killed 13 persons.

The French Interior Ministry ordered police to ring the embassy, bringing a reciprocal move against the French Embassy in Tehran. Iranian officials then alleged that a senior French diplomat had advised Mr. Gerdji to lie low. This has never been confirmed.

French sources said that Foreign Minister Jean-Bernard Raimond feared that the attempt to arrest Mr. Gerdji, inspired by Interior Minister Charles Pasqua and his deputy, Robert Pandaud, could be out of proportion to his importance and had endangered the lives of

five French hostages held by pro-Iranian groups in Lebanon.

The staffs of both countries' embassies have been restricted to their mission buildings for two weeks, awaiting the beginning of negotiations for their repatriation.

Iran has about 40 embassy employees in Paris, while 15 persons remain in the French Embassy in Tehran.

Before the diplomatic break, France said that Iranian Navy launches had machine-gunned a French container ship on July 13. The cargo ship, the Ville d'Anvers, was later escorted to safety by a French naval vessel.

— JULIAN NUNDY

SRI LANKA: Gandhi, Jayawardene Sign Tamil Pact

(Continued from Page 1)

tary helicopters dropped tear gas during several demonstrations.

Several buildings and numerous cars and buses were burned in a repetition of Tuesday's violence. Witnesses said the Overseas School attended by children of diplomats and foreigners was gutted.

Later, streets in central Colombo were deserted except for military patrols with orders to shoot on sight.

The entire island was under 24-hour curfew for Mr. Gandhi's brief visit. He was to fly back to New Delhi on Thursday morning.

On Tuesday, at least 19 were killed in riots. A government official who spoke on condition of anonymity said most were shot by police trying to disperse the crowds.

Mr. Jayawardene blamed the Sinhalese rioting on "ignorance" and said he would make a special effort to explain the agreement to the public.

The accord provides for a ceasefire between government troops

and the Tamil guerrillas within 48 hours of Wednesday's signing.

It says the rebels must surrender their arms within 72 hours of the cease-fire. This will be supervised by Indian and Sri Lankan Red Cross officials.

After that, government troops will pull back, abandoning parts of the Jaffna peninsula that they captured in May.

The agreement provides for the merger of the Northern and Eastern Provinces into a semi-autonomous Tamil administration with a chief minister and governor, subject to eventual approval in a referendum in Eastern Province, where Tamils, Muslims and Sinhalese are in equal numbers.

India will halt the activities of Tamil rebels in its southern state and Mr. Jayawardene will free prisoners held under anti-terrorist laws.

The agreement includes a provision for India to send a peacekeeping force to the island.

Mr. Gandhi, at a joint news conference after the signing, praised the 80-year-old Sri Lankan leader's "tremendous courage and statesmanship" in pushing through the accord.

Mr. Jayawardene blamed himself for not accepting such an accord before the start of the conflict, which has cost the lives of 6,000 people.

At the news conference Mr. Jayawardene said he would submit legislation to implement the accord, and would dissolve Parliament and call elections if the members, mostly Sinhalese, rejected it.

Asked why he had not accepted the accord at the start of the Tamil revolt, Mr. Jayawardene replied slowly and deliberately: "Because of my own lack of intelligence."

(AP, Reuters)

All Rebels Back Pact

All Sri Lanka Tamil groups except the most powerful welcomed the agreement, Agence France-Presse reported Wednesday from New Delhi. Missing was the Liberation Tigers of Tamil Eelam, which is studying the accord.

Analysts say that without full backing from the main group, the peace accord would have little chance of ending the fighting.

Malaysian Leader Ends Visit

Removes

BUDAPEST — Prime Minister Mahatir bin Mohamad of Malaysia ended a four-day visit to Hungary on Wednesday after the two countries pledged to increase cooperation, the official Hungarian news agency MTI said. Mr. Mahatir will travel to the Soviet Union before returning home on Aug. 3.

Since then, Jews seeking to em

Hostages
Leese Says

SCIENCE

Improving Forecasting by The Numbers

By Barry James

LEWIS FRY RICHARDSON, a British physicist who died in 1953, had a couple of ideas that were considered outlandish in his time. He thought it was possible to use mathematics both to predict war and to forecast the weather.

Richardson, a Quaker, worked out his weather plan during rest periods from his job as an ambulance driver in World War I. It hardly seemed promising. He took three months to work out a six-hour forecast, and thought it would need 64,000 people calculating simultaneously in a "central forecast factory" to predict the world's weather a few hours ahead.

What Richardson needed, of course, was a computer. Mathematics probably never will succeed in preventing war, but Richardson's weather equations linked to powerful computers are now helping scientists to forecast the weather with a high degree of accuracy up to 10 days ahead.

In his book "Weather Prediction by Numerical Process," published in 1922, Richardson fantasized about his forecast factory as a huge amphitheater, where thousands of workers equipped with slide rules and calculating machines would "race the weather," while armies of messengers carried used computing forms to a storehouse in the cellar. Forecasts would be sent to a "quiet room" to be encoded and sent around the world by radio.

The closest approximation to Richardson's forecast factory is a glass-walled building near Reading in southern England, the European Center for Medium Range Weather Forecasts — probably the best of its kind in the world.

The center uses the world's fastest commercially available computer, the Cray X-MP/48, to churn out the data on which more than 400 million Europeans — from sweltering Athens to shivering Helsinki — depend for their weather forecasts.

The Cray, the estimated equivalent of 30,000 IBM PCs working simultaneously, easily outperforms Richardson's imaginary 64,000 human calculators. The entire population of the globe, calculating simultaneously, could not keep up for long with the machine's madman processing speed of up to 800 million operations a second. While the forecast is running each night, there are typically four of the center's 134 staff members on operational duty.

Such is the magnitude of the mathematical problems involved, it takes the computer, helped by a battery of smaller processors, about two and a half hours to produce a forecast for the next 10 days, and up to eight hours to make an error-prone guess at the weather 30 days ahead, which is useful for research into the predictability of the atmosphere.

This is one field in which brute computing force wins. Thanks largely to its greater computer capacity, the center is able to make a six-day forecast for the whole globe that is as accurate as the five-day forecast put out by the U.S. Weather Service. Already, scientists at the center are eyeing the next generation of super computers, which they hope will make the 10-day forecasts of the future as accurate as the six-day forecasts of today and extend the accuracy of longer range predictions.

The center stems from a 1967 European Community resolution to promote a common program for scientific and technical research. The problem of improving weather forecasting was immediately identified as one area where benefit would far outweigh the cost, which this year comes to about \$16 million.

In Britain, the Meteorological Office estimates the value of accurate weather forecasting to the nation's economy at nearly £500 million (about \$800 million). The Italian government credits information from the center with having helped it predict record rainfall in January last year, and the heaviest snowfall in Rome since 1740. Such advance warning can be invaluable in alerting emergency services and preparing defenses.

Given the traditional obsession of the British with the weather, it seemed logical to put the center in England.

The center was formally established in 1975 and opened its doors in 1979. Since its inception, several countries outside the community have joined the project. The member states are West Germany, France, Britain and Italy, which pay the lion's share of the cost, together with Belgium, Denmark, Spain, Greece, Ireland, the Netherlands, Portugal, Austria, Finland, Sweden, Switzerland, Turkey and Yugoslavia. A special cooperation agreement has been signed with Iceland.

"It is a wonderful example of Europe getting its act together,"



Improved forecasting is invaluable in alerting people to floods so that losses can be reduced.



Burying the dead in Greek heat wave.

Dr. J. Austin Woods, scientific officer at the center, said in a telephone interview. "When you can draw on the scientific and technical talents of 420 million people, it's not surprising you end up with the best in the world."

The pooling of resources enables the 17 countries to do more than any one country could do alone. At the heart of the system is one of the

most complex computer models ever designed, a simulation of the earth and its atmosphere with the added dimension of time. Every day, more than 80 million bits of computer information gathered from thousands of ships, aircraft, satellites, balloons, buoys and ground stations are fed into the model for verification, analysis and extrapolation into forecasts.

In the early days, computer models contained only one level of atmosphere in one part of the world. The European Center's model can handle 19 levels of atmosphere from 30 meters (94.4 feet) to 30 kilometers (18.6 miles) around the world. Today's seven-day forecasts for the mid-latitude of the northern hemisphere are as accurate as two-to-three-day forecasts in 1971. The center's forecasts for the southern hemisphere are typically accurate up to five days ahead and for the tropics up to three days.

The center sends streams of computer encoded data to meteorological offices in the member countries, where it is incorporated with regional data to provide broadcast forecasts, shipping advisories, air navigation guidance and meteorological bulletins for defense purposes.

In addition, a less complete general advisory is made available to almost every meteorological service in the world in exchange for data. With every weather event dependent on conditions somewhere else, forecasting is truly a case of "what's mine today is yours tomorrow," Dr. Woods said. The center exchanges information with about 158 nations as part of the World Meteorological Organization's World Weather Watch Program, a perhaps unparalleled example of international cooperation across ideological boundaries.

Even at the height of the Falklands War, both Britain and Argentina contributed to and benefited from the Weather Watch network. But today, neither Iran nor Iraq are contributing, in what is the most serious gap in the global reporting system.

Satellites provide observational data that was previously difficult or impossible to obtain, but they cannot do the forecaster's job. It has

IN BRIEF

Biological Cooperation in Space

NEW YORK (NYT) When a Soviet biological satellite is launched in mid-September, carrying 10 laboratory rats and two monkeys, American radiation-detection sensors will be on board and American scientists on the ground will study the effects of zero gravity and space radiation on animals.

The flight will be the sixth since 1975 in which the Soviet Union has permitted American scientists to cooperate in medical studies to help predict human reaction to long space flights. Many of the investigations planned by American participants are designed to complement data obtained on a seven-day space shuttle mission in April 1985 that involved experiments with rats and monkeys in weightlessness.

Finding Natural Pest Killers in Dirt

WASHINGTON (WP) — With the help of dirt brought by friends vacationing in the Himalayas, Iceland and Europe, scientists at the U.S. Agriculture Department have found 72 new varieties of an important soil bacterium used to kill pests naturally, without harming the environment.

Farmers spend more than \$40 million each year on bacillus thuringiensis (B.t.), which can be as effective at killing cabbage loopers and worms as some of the best chemicals. The new varieties of B.t. appear to be more powerful than any used in the past.

"Previously, scientists thought that to get the bacterium you had to find a dead insect," said Russell S. Travers of the department's Agricultural Research Service. "We had just assumed it was an insect disease." But the department has found that B.t. is actually a normal component of many soils.

Dinosaur Nest May Be World's Oldest

WASHINGTON (WP) Geologists have identified what appears to be the oldest known dinosaur nest site in the world, near Grand Junction, Colorado. The fossilized fragments, discovered in 1986 but only now identified, date back 145 million years, making them the first discovered from the Jurassic Period.

Sifting carefully through the ancient and weathered nest matrix, paleontologists from the University of Colorado and the Dinosaur Valley Museum are recovering thousands of eggshell fragments.

Using a scanning electron microscope to examine them, paleontologist Karl Hirsch has detected small worn burrows on many of the shells. Worms eating into the eggs may have killed fetal dinosaurs. Hirsch hopes that fossilized embryos, which can tell scientists more about the dinosaurs, will be found.

Flu Slows Drivers' Reaction Time

NEW YORK (NYT) — Influenza impairs a driver's reaction time even more than does a "moderate" dose of alcohol, according to a group of British researchers.

The Medical Research Council of Salisbury, England, reports in the British Journal of Psychology that the reaction time of volunteers suffering from flu fell an average of 57 percent from their reaction times while healthy. Moderate doses of alcohol, the report said, rarely result in reaction-time impairment of more than 10 percent.

The same was not true of victims of common colds, whose reaction times were nearly normal.

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Mystery Virus: Is It for Real?

By Philip M. Roffey

WASHINGTON — Medical experts are struggling, with only limited success, to understand a mysterious illness that leaves its victims exhausted for months or years at a time.

The ailment, known as chronic Epstein-Barr virus infection, chronic mononucleosis or chronic fatigue syndrome, has stirred rising concern in public and medical circles over the last two years.

But whether patients have fallen into the grip of a new scourge or have merely succumbed to the latest health hysteria is confounding many medical researchers. And the more experts study patients who have the fatiguing ailment, the less important a culprit the Epstein-Barr virus seems.

The illness has caused one highly publicized but sharply disputed "epidemic" at a resort community at Lake Tahoe, Nevada, from 1984 to 1986. It may have caused an outbreak of 100 cases in the small Nevada town of Yerington from late 1985 to early 1986, according to Dr. Anthony L. Komaroff, director of general medicine at the Brigham and Women's Hospital in Boston.

"Whatever it is, it seems to be growing in frequency," said Dr. Komaroff, whose group has studied more than 500 patients suffering from the syndrome. "Literally every time I say to a friend that I'm studying this illness, and then describe it, they say 'Oh, my God. My niece has it, or my next-door neighbor, or my boss.'"

Although the syndrome has apparently never been fatal, it can unquestionably be devastating to many of those affected. Virtually all suffer persistent fatigue, in some cases so overwhelming that it curtails work, restricts social life or even becomes totally disabling. Most victims also experience low-grade fever, muscle pains, depression, headaches, recurrent sore throats, swollen lymph glands and allergies. And many victims are unable to think clearly or to concentrate. Some have likened their condition to feeling like a Raggedy Ann doll with the stuffing knocked out or to an endless bout of flu with the added mental confusion of Alzheimer's disease.

But whether chronic fatigue itself is reaching epidemic proportions or is simply receiving an epidemic of attention remains uncertain.

The syndrome may have gained undue notoriety for a number of reasons: scientific speculation, now discounted, that the Epstein-Barr virus might be causing much of the illness; aggressive marketing of Ep-

stein-Barr laboratory tests that are probably incapable of identifying most victims of the illness; vigorous campaigning by Epstein-Barr patient groups; and far-reaching television and magazine coverage in the wake of the Lake Tahoe "epidemic."

Some experts suspect that "chronic Epstein-Barr virus syndrome" has become the latest fad diagnosis, replacing iron-poor blood, low blood sugar and thyroid problems as a catch-all explanation for symptoms that cannot otherwise be explained.

"I don't think it's clear that there's an epidemic of this," said Dr. George Miller, a professor of pediatric infectious diseases, epidemiology and molecular biochemistry at the Yale University medical school. "I would say there might be an epidemic of diagnosis."

Dr. Gary Holmes, an epidemiologist at the U.S. Centers for Disease Control who studied the Lake Tahoe outbreak, said, "A lot more is being made of this by the lay press than it probably deserves," adding, "The problem is that almost every person in the United States has symptoms that are compatible with symptoms of the syndrome."

At this point, in most cases of chronic fatigue syndrome, there is no identifiable cause, cure or preventive. Nor is there even an agreed-upon definition. But there is a growing opinion that the syndrome will turn out to include a wide range of illnesses, with causes and treatments differing from patient to patient.

The evidence suggests that some victims of the syndrome have a real organic illness but that it was probably premature for doctors and patients to latch onto the Epstein-Barr virus as the likely cause in most cases of the syndrome, except for perhaps a subgroup of severely ill patients.

Depending on the illness, experts speculate, the cause might be another virus or multiple viruses, other infectious agents, defects in the body's response to an infection, toxic agents, stress or other psychological causes, or perhaps a combination of physical and psychological factors interacting with one another.

To unravel some of the mysteries, Congress has ordered the Cen-

ters for Disease Control and the National Institutes of Health to study the phenomenon, and the CDC has been drawing up a strict definition of chronic fatigue to make epidemiological studies more feasible. Investigators at a number of medical centers are trying to develop diagnostic tests, treatments and vaccines.

The ailment strikes women twice as often as men. It also disproportionately affects nurses, doctors and other health personnel. The most visible victims are often professionals in fast-paced jobs, leading glibsters to dub it "the yuppie plague" or "yuppie flu."

Some virus experts continue to believe that much of the chronic fatigue is psychosomatic. "A lot of illness that is now being associated with chronic Epstein-Barr virus infection is probably ordinary neuroses which are manifested nowadays as tiredness," said Dr. Eliot Kiehl, head of infectious diseases at the Brigham and Women's Hospital.

"It's a disease mostly of younger adults who are having difficulties in what are ordinarily difficult phases of life," he added. "These people are very unhappy, and it's often very difficult to sort out how much of their psychological problems come from their illness and how much is the cause of their illness. Most of them do not want to see a psychologist or a psychiatrist. They're looking for a physical cause of their illness and a relationship with their physician."



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Herald Tribune

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The Return of M'Bow?

Amadou Mahtar M'Bow offered last fall to make a full, rich contribution to relieving the crisis that had developed at UNESCO during his dozen years as the director general of the world educational and cultural agency. He declared that he would step down. UNESCO has been badly plagued by bad management and by politicization extreme even by United Nations standards, among others, out of the organization. Some part of this is his personal legacy.

How depressing, then, to hear the latest from the World Press Freedom Committee, the private American group that has coordinated the battle against efforts in UNESCO to put a Soviet-Third World stamp on the international media. Mr. M'Bow, it seems, is still trying to hang on. He reportedly offered to back Uruguay's foreign minister, Enrique Iglesias, one of the most respected candidates for the UNESCO position, for later election if Mr. Iglesias would support his re-election for two more years.

The flavor of Mr. M'Bow's style is fairly suggested by his reported comment that Uruguay has a problem with Arabs and Africans due to its diplomatic ties with Israel and South Africa, but that he could deliver

those votes for Mr. Iglesias—in two years. Currently Mr. M'Bow, who is from Senegal, is said to be lobbying for re-election at the summit conference of the Organization of African Unity in Addis Ababa. Perhaps he is hoping to neutralize his own country's support of another African candidate, Baba M'Kaye of Mauritania.

The elevated nature of the ideals of these international organizations is not inconsistent with a little politicking by and for those who seek to run them. Mr. M'Bow, however, has exhausted all possible sympathy. This is the man who helped divert UNESCO from its great and proper original purpose of promoting the free flow of information and ideas around the world. He is the director who very nearly ran the organization into the ground. Now, having promised to retire, he is out campaigning for a further lease on power, and such is his insider's knowledge of the political terrain that his prospects cannot be lightly dismissed.

For all its troubles, UNESCO still has enough potential for service—for a major drive for Third World literacy, for instance—to warrant being spared a further dose of Mr. M'Bow's leadership.

—THE WASHINGTON POST.

Off-Promised Land

Promising land reform in the Philippines is the easy part; politicians have been doing it for decades. If President Corason Aquino wants the world truly to take notice, she will have to do more than ask a newly elected Congress to take the hard decisions. She is giving Congress 90 days to put into effect a very general decree on breaking up baronial estates. If nothing happens, she says she will name a panel to do the job—a delaying scheme reminiscent of her wily predecessor, Ferdinand Marcos.

There is something to Mrs. Aquino's argument that so important a measure should be voted by Congress. That is why she did not impose land reforms under direct rule powers that she wielded for 17 months. She insists that her own family's 15,000-acre (6,000-hectare) estate will be redistributed under a program giving owners fair compensation. Payments will be from a \$2.5 billion fund deriving from properties once owned by Mr. Marcos and his cronies.

What is missing in the Aquino plan is a timetable for redistribution of different parcels and a limit on legal holdings. These questions now go to a Congress in which big landowners are expected to block or dilute efforts at breaking up their estates. It is true that land reform might initially lower output, but the political benefits should tip the balance. The more Mrs. Aquino is perceived as a protector of her own landed class, the better for a Communist insurgency recruited from the rural poor. It is not clear how her last-minute decision to outlaw the Communist Party will affect the insurgency, although the military applauds it.

Americans admire Mrs. Aquino, toast her "people power" and rejoice in the convening of the first fairly elected Congress since Mr. Marcos imposed martial law in 1972. An equally demanding test will be her success in taming the land barons, thereby narrowing the chasm of class and caste.

—THE NEW YORK TIMES.

The People Are Fed Up

Is General Manuel Antonio Noriega losing his grip? The Panamanian strongman, unable to intimidate his restive, democracy-seeking countrymen, has put on a new display of muscle. He sent out an armed party, *guz blazing*, to seize Colonel Roberto Diaz Herrera in his home; this is the maverick officer, his erstwhile number two, whose allegations of crime and corruption against General Noriega precipitated the crisis the country is now passing through. General Noriega also occupied La Prensa and other independent publications. By these acts he evidently means to isolate the population from sources of opposition to him. He is acting like his friend President Daniel Ortega of Nicaragua, who, seeing an opening for a little exercise in anti-U.S. expediency, paid a sympathy call.

For years it was the accepted wisdom that Panama was a place where people preferred stability and political theater to the rewards and rigors of democratic government. The revelations of Colonel Diaz, however, seem to have unlocked a heretofore untapped well of democratic sentiment. Mass protests have gone on in the streets for weeks. An immensely successful general strike has just been concluded. Im-

portant elements in the banking and business communities, often thought of as bulwarks of the old system of military rule with a political facade, appear to be concluding that maintenance of General Noriega is a guarantee of endless turbulence. Currency is said to be flowing out of the country; since Panama's currency is the U.S. dollar, there is no possibility of printing up more. A military leader with a strong sense of duty would be considering retirement. General Noriega, however, appears to lack a strong sense of duty.

Meanwhile, the Panamanian people are showing a readiness to keep the pressure on. Fortunately, the U.S. government, having long cultivated the military in order to serve a strategic interest in the Panama Canal, is now unequivocally identified with the forces of democracy. So much is this now the case that General Noriega is able to evoke a specter of U.S. "intervention" in order to rally nationalist sentiment for his personal benefit. In fact, what is happening is that Washington is stepping back and exposing him to the anger and impatience of his own people.

—THE WASHINGTON POST.

Other Comment

An Impossible Job in the Gulf

It is desirable both that the war should end and that the shipping lanes should be clear. But if a cease-fire is not accepted without further United Nations pressure, and there is no likelihood that it will be, then the means of keeping open the shipping lanes should offer the least risk of involving the United States in a confrontation with Iran. This last proposition is not, of course, acceptable in Tehran, which is itching to see American prestige suffer a little more damaged; but it does not seem to be fully accepted in Washington, either.

Since 1980, British warships have been almost invisibly accompanying merchant ships as far as Bahrain. The United States, preferring more demonstrative methods, has taken on a huge and public commitment to "escort" vessels which by its nature involves a probability of disaster amounting almost to certainty. No navy can guarantee what the U.S. Navy has set out to guarantee: namely that no Kuwaiti ship under its protection shall come to harm.

Mines are clearly a hazard to the United States had not reckoned with; but put them to one side. It is likely that U.S. warships and their charges can escape unscathed during repeated and publicized passages through the Strait of Hormuz and up and down the Gulf for as long as it takes to end the war? Clearly it is very unlikely, and could lead to a brush with Iran of incalculable consequences.

—The Guardian (London).

Near-Calamities in Any Case

Why are midair near-collisions called near-misses when in fact they are near-hits? We haven't lost any sleep over this question, mind you, but we are puzzled about why the common term for this scary occurrence means the opposite of what it wants to say. Remarkably, there is no confusion about it among speakers of English. When someone says that there was a near-miss in the sky, everyone simply knows that two airplanes almost hit each other. The planes did not almost miss; they did miss.

Perhaps this is an example of the world's penchant for euphemism. People like to avoid things that sound too nasty. Near-hit sends a shiver down the spine, while near-miss sounds less permanent. If that is the case, though, we certainly should call them near-hits in hopes that somebody might be moved to do something to lessen the chance of real hits. Whatever these events are called, their occurrence means that the skies are overcrowded and overcrowded.

—The Los Angeles Times.

Airline travel can be very dangerous. For good reason, carriers do their best to make people forget that. Which is why drinks are served on most flights, often along with meals. Passengers can walk around, go to the rest room, read magazines, listen to music, sometimes even watch movies. The image that carriers want to project is that life goes on in a routine matter aboard their planes.

—The Kansas City Star.

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Tel.: (1) 46 37 93 00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

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S.A. capital: 1,200,000 F.R.C. Naturre B 73201173. Commission Paritaire No. 61337
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OPINION

Japan Is Heading Toward a Dangerous Depression

By Kenichi Ohmura

TOKYO—Many economists say that the United States today is in a situation alarmingly similar to that of 1929. But Japan, far more than America, is close to plunging into a depression that, with double-digit unemployment, could severely strain a society that counts lifetime employment as a virtual right of citizenship.

Real estate prices provide one of the more obvious signs of Japan's rising social pressures. By the time a young couple here is ready to settle down, a home is probably beyond their reach. Real estate prices in Tokyo have risen an average of 300 percent in the last two and a half years. As a result, we are creating a new proletariat—people with little hope that they will possess any property in their lifetime.

We are also creating many millionaires. Until recently Japan was 90 percent middle class. It was a happy, growth-oriented nation. Today there is a growing polarization between those who invested in their education and now rent small apartments and those who own and speculate with property.

Thanks to the yen-dollar exchange rate, Japan has the highest per capita GNP in the world (\$18,000), yet living standards for most Japanese have improved little. To enjoy the same standard of living as an American couple, a Japanese couple would have to spend an average of 35 percent more; twice as much to maintain cars and 50 percent more on utilities and food.

And the brilliance of Japan's economic progress could fade as quickly as it appeared. Foreigners think that all Japanese industries are competitive, but this is far from true. We are about to face widespread unemployment. Add up all the employees in Japanese industries that are strong worldwide—automobiles, machinery, electronics, steel—and you have only 7 percent of the work force. The rest work in less competitive and sometimes protected industries.

The unemployment rate in manufacturing of about 3 percent will climb by two percentage points as a result of increased imports, assuming that the current exchange rate continues. Reduced exports will likely add another 2.5 percentage points to the unemployment rate, raising the overall rate in the manufacturing sector to 7.5 percent. If Japan were to reduce rice and other agricultural trade barriers, unemployment would reach 13 percent.

One of our biggest problems is that we have too much money. Individuals save more than \$1 billion a day; companies pile up about \$500 million a day. This money once financed plants and facilities, but no longer. Japan's industrial overcapacity has created tensions internationally, and companies are not building plants at home. Excess cash can no longer be absorbed in the Japanese stock market, where the average price-earnings ratio is about 30 (compared with an average of about 17 in New York). Golf course memberships, which are traded like seats on a stock exchange, cost \$100,000 to \$2 million.

How can Japan avert a depression, renew investment and replace the lost jobs? It could build a service industry comparable to America's and move into high-tech sectors. But these are no panaceas, as Americans have learned in recent years. We must try something else, however, because the vision and determination that guided Japanese investments during the last three decades is gone.

The stimulative measures proposed by Prime Minister Yasuhiro Nakasone will not be enough. The \$35 billion he promised he would spend to stimulate consumption may look promising, but keep in mind that as much as 80 percent of it will disappear in real estate. Most government investments in infrastructure begin with land purchases. Sellers of land will take the

money to the stock exchange and further inflate share prices. Or the money will cycle back to the foreign exchange markets. Today, of the \$1.6 billion generated daily, as much as \$790 million goes to the foreign exchange market or similar speculative areas.

That is Japan's Catch-22: Plenty of money—but nowhere to invest it except in more money. Companies have so much money that they are building foreign exchange trading floors instead of adding production lines, reasoning that it is better to make money with money than to make money with money that is made, retailed and resold abroad.

The situation of Japan's money has foundations of debt. We have funded our losses to Japan. Thousands of Japanese regulations strangle our companies. The Ministry of Transportation, perhaps the champion regulator, has more than 2,000 regulations, including such rules as a mandatory \$600 auto inspection every two years. In America, if you want to move yourself you simply rent a U-Haul truck or trailer. In Japan you have to get a license to use a trailer.

Along with the high cost of housing, regulations and the primary reason why we are not only on par with one of our first steps toward improving our standard of living is to remove them. But it takes many years to take policy away from government.

Like America, Japan is making the fundamental mistake of liberalizing its markets in a piecemeal fashion. Cramping up on closed markets and opening them a few at a time kills the wrong industries for the wrong reasons.

For example, if the Japanese business market were opened, local companies would be destroyed by imports from Denmark and elsewhere. Our local makers would be handicapped by the high cost of regulated domestic prices. But if we liberalized wheat markets we could keep the biscuit bakers working. They are, in fact, efficient and competitive manufacturers. By opening manufacturers to competition, while protecting raw-material producers, we destroy the wrong people. Japan has done this too often in response to the complaints of foreign exporters.

Unfortunately, all this takes time and time is growing exceedingly short. In fact, Japan may be facing a vicious cycle. Our continuing trade imbalances will result in a stronger yen, which will lead to higher unemployment. The corresponding shortfall of tax revenue will restrict government spending, causing a consequent loss of money demand. That will force our companies once again to resort to export markets. Their efforts to exploit foreign markets will result either in the closing of those markets or in larger trade imbalances and an even stronger yen. Within this spiral, speculation in foreign exchange will live a life of its own, divorced from the economy, until it leads to an economic breakdown.

The writer is managing director of the Tokyo office of McKinsey & Company, management consultants. He contributed this comment to The New York Times.

Trimming Hedges Around the Factory

UNEMPLOYMENT has already hit the postwar high of 3 percent. If the "hidden jobs"—those who would be out of jobs if they did not have guaranteed lifetime employment—are taken into account, the rate would be much higher. How long can these surplus workers be assigned to trim the hedge around the factory building? The next recession may bring the Japanese economy down with a crash that will be spearheaded by the same sort of overvalued stock market that America experienced before the Great Depression.

—A. Gary Shilling, an economic consultant, in the Los Angeles Times.

Who Says Economic Progress Has to Continue?

By Lester Thurow

This is the second of two articles.

CAMBRIDGE, Massachusetts—Once simultaneous recessions have begun in Japan, West Germany and the United States, and have started to interact, how would one stop them?

In America, none of the classic remedies is available. Monetary policies and interest rates must be used to defend the dollar and restrain import inflation. Taxes must be raised, not cut, and expenditures reduced, not increased, to prevent the crowding out of the private investment upon which the future success of the U.S. economy depends. The next recession is likely to be a lengthy one. The institutional mechanisms and policies needed to make it a short recession either are not in place or do not exist.

The recovery from the 1981-82 recession was the last gasp of the old system. Because the United States was large, because the dollar was the world's reserve currency and America had accumulated a cushion of \$152 billion in net foreign assets at the end of 1982, it could and did play economic "locomotive" for the world in 1983 and 1984.

It could expand and simply tolerate a balance-of-trade deficit for three or four years before its currency started to fall, before it was faced with the situation that smaller, less wealthy countries face almost instantly. But the net foreign assets that provided that flexibility have now been expended. No longer the world's largest net creditor nation, as it was in 1982, the United States is instead the world's largest net debtor nation, with debts of about \$340 billion in mid-1987.

The standard economic prescription for the current economic situation does not meet the world's political realities. In the prescribed scenario, the U.S. locomotive would be replaced by a hybrid vehicle made up of the three biggest economies—West Germany, Japan and America. By carefully coordinating their monetary and fiscal policies, these three could do for the world economy what America itself had done for 40 years. Together they are just as large relative to the world's gross national product as the United States used to be. If they agreed on a set of economic policies, the rest of the world would have little choice but to follow along.

The new track prescribed for this locomotive should lead to a much more integrated economy. Trade should continue to expand faster than world GNP as more markets opened to foreign products. Multinational and transnational firms should continue to move technology and capital around the world to wherever it could best be used. The communications and computer technologies that have created a world capital market should be further expanded to create a world economy in which the very concept of a U.S., Japanese or West German economy would be obsolete.

But these recommendations imply a willingness to give up national economic sovereignty that simply is not there. Coordination is easy to praise, but it implies a readiness by each of the coordinating countries to do things they do not want to do.

To reduce its demands on world capital markets, the United States would have to raise taxes. Americans don't want to raise taxes.

To help pull the world economy, Japan would have to restructure its economy to emphasize domestic consumption rather than exports. The Japanese don't want to restructure their economy.

To do their part, the West Germans would have to take a chance on generating inflation. Given the history of the 1920s, they don't want to take it.

The result is economic summit meetings like the Venice conference where heads of state spend little time talking about economics, agree on nothing, pay lip service to coordination, then go home and do some of the things coordination requires.

Modern human beings like to think that progress is inevitable and that prolonged stagnation or decline is simply impossible. But human history has had many more years of stagnation than of growth.

Once, as an educational joke when I was a student at Oxford, a don set me the task of writing an essay on an "optimal" rate of economic decline that would lead to cessation of economic growth. I argued in the

essay that if the decline were too rapid, it would set in motion economic and political forces that would lead to an economic rebound, much as a basketball rebounds when it hits the floor. To end in complete stagnation, the slowdown had to be very gradual with substantial ups and downs to hide the fact that the downs were bigger than the ups.

Thinking back on it now, my optimal rate looked very much like the slowdown that has occurred in the world economy in the last 17 years.

It is subtle: One slips into stagnation by not noticing that one has slipped into stagnation. In Europe for 17 straight years, the unemployment rate at year's end has been higher than it was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

There is remarkably little protest. Governments that presided over stagnation get re-elected to preside over more stagnation. People are adjusting to the fact that they will be unemployed for longer periods of time and that their children will not have a higher standard of living than they do.

To say we are smart or well educated is not to say we are smarter or better educated than those Romans who watched the economic vigor of Rome decline in its last 100 years. For the Roman Empire did not "fall" on any given day or in any given disaster; it very gradually declined as a result of many decisions made, many decisions not made, an inability to build new tracks when old ones ended and an unwillingness to rebuild its locomotive when it needed a new source of propulsion.

It is equivalent to the highest heresies of the Inquisition era to suggest that modern man could slip into a prolonged period of economic stagnation. We are too smart. I will probably be burned at the intellectual stake for even suggesting the possibility. But think upon that possibility as I go up in smoke.

The writer is dean of the Massachusetts Institute of Technology's Sloan School of Management. He contributed this comment to The Washington Post.

Iran's Islamic Revival Has to Be Lived With

By William Pfaff

PARIS—The Arab conquest in the 7th century was one of the astounding events of history. In 70 years a poor, nomadic people conquered an area extending from the Indian Ocean to the Atlantic, overturning the Persian empire, conquering Spain, finally to be stopped in southwestern France.

Responsible for this was a religious conversion of the Arabs which, as the historian Henri Pirenne writes, "had a formidable simplicity: it was to obey Allah and the Muslims to obey Him. The Holy War became a moral obligation, and its own reward."

It would be extravagant to compare what has happened in Iran since 1979 with the original conversion of the Arabs by Mohammed, but it is a worse mistake to fail to see that the problem of Iran has a dimension which has nothing to do with war, economics or politics.

There has been a profound reversion to religion in Iran, not only by an elite but by masses of ordinary people. The religion is the Shiite version of Islam, which has always possessed a particular intolerance and a tradition of fanatical measures of Holy War. The original "Assassins" were a Shiite sect.

It is a great miscalculation to think that this religious revival, which already has spread to Lebanon and is deeply influencing Sunni Muslims, is some kind of ephemeral fanaticism. It is not going to fade away from Ayatollah Khomeini dies, allowing people like those who dominated Iran under the shah to take over again—people with whom the West can do business.

The Iranian revolution was foreseeable in a society being rushed into a particularly disruptive kind of economic development and secularization. People felt that they were being torn away from traditional ways of living and forced to accept foreign values. The same kind of convulsive rejection of Western influences, and the same turn back toward the past, has happened several times before in non-Western societies under colonial rule.

In Iran it is peculiarly important because Iran is a big and strategically important country—a major oil producer, bordering the Soviet Union as well as Pakistan and Afghanistan, commanding the Gulf, determined to export its revolution to the rest of the Islamic world and elsewhere. Iran's revolution presents an enormous political challenge in its region, as well as a military threat. But it has to be understood for what it is.

Religious upheavals resembling this have happened in the West, even in the United States. The evangelical revival movement of early 19th century America, to quote Perry Miller, the Harvard historian, "sometimes smoldering, now blazing into flame, never quite extinguished until the Civil War had been fought, was a central mode of [American] culture's search for national identity."

The new American religions of the same period, like the Shakers and the Mormons, even though pacifist or quietist, rested on "dreams of mystical communion" like those which inspired earlier messianic Protestant movements in Europe such as the Anabaptists, promising "a world of love and justice, in conformity with the Divine Will."

The Anabaptists, though, held that Divine Will "demanded the renunciation of the world." Pirenne wrote—which brings us back to Iran and the terrorist bombings, hijackings and kidnappings of the "unrighteous" that have been going on ever since the reconversion to Islam's version of the Divine Will.

To say that everything has a history, and that social and religious movements resemble one another over the centuries, is of course a little like saying that in the long run we're all dead. The policy maker may feel less than useful to be told that there is nothing new under the sun. Yet the professional deformation of the policy maker is to act as if every problem were new, and to assume that each problem exists to be solved—too often to no better purpose than to provide domestic political advantage in America.

Another American historian, Charles Beard, said that a lifetime's study of his subject had left him knowing that when darkness comes the stars begin to shine; that the bees that rob the flowers make the honey; that whom God wishes to destroy he first makes mad. Not much help there for the policy maker, except possibly, self-reflectively, in the last phrase.

Yet there is a policy lesson here, which is to recognize that there are not only things we can't do much about, except to contain their worst consequences, but there also are things that we risk making a great deal worse if we try to do something about them.

Iran and the Islamic revival are problems that we will have to live with for a long time to come. We might as well get used to it.

International Herald Tribune
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Philippines: What's Moscow Up To?

By Richard J. Kessler

WASHINGTON—Clearly, the Soviets are up to something in the Philippines. The question is what. "I have no doubt in my mind," Admiral James Lyons, the U.S. Pacific Fleet commander, said in April, "that the Soviet Union is aiding the rebels" in the Philippines.

Many in the American and Philippine intelligence communities disagree with Admiral Lyons. But analysts have been so preoccupied with finding concrete evidence of Soviet arms—which has not yet emerged—that they have missed what has been happening: The rebel forces have grown strong, reports of Soviet military aid have increased and leaders of the Philippines Communist Party have changed their once wary attitude toward accepting foreign support.

Moreover, the Soviets have been courting the Aquino government with offers of investment and expanded commercial ties.

Since January, numerous reports have been filed from Manila alleging sightings of Soviet submarines and planes dropping supplies to the rebel New People's Army, or NPA.

KGB agents were even said to be infiltrating Mindanao to join the rebels. In May, two Soviet diplomats arriving from Singapore were caught by Manila airport guards trying to leave without clearing immigration.

The Soviets have insisted that they are not providing funds, arms or guerrilla warfare expertise to the NPA. Even the government does not view the Soviets as spies, according to President Corason Aquino, who is considering strengthening relations with the Soviet Union.

The Soviets say they simply want to invest in the islands. They have offered to provide a \$350 million coal-fired generating plant in Isabela province. They also offered to use ship repair facilities near the U.S. naval base at Subic Bay.

To improve their image, the Soviets replaced their ambassador, who was the only diplomat to congratulate Ferdinand Marcos for winning the 1986 presidential election.

Now the Soviets want to open consulates in the southern cities of Cebu and Davao, where the United States also maintains a diplomatic presence.

The Soviets have long been interested in gaining a Philippine foothold. Mikhail Gorbachev's famous Vladivostok speech last year, when he declared Soviet intent to become a Pacific power, had its precursor in Leonid Brezhnev's 1969 proposal for Soviet-Asian collective security.

The Soviets began training Baguists in the dominant language, Tagalog, in the early 1960s, although diplomatic relations were not established with the Philippines until 1976.

Philippine travel to Communist countries was banned until April 1966, and Filipino diplomats were forbidden to socialize with their Communist counterparts until

March 1972. But the Soviets pursued the courtship, encouraging trade through third countries in the 1960s. Mr. Marcos dangled the threat of a larger Soviet presence before the Americans whenever he wanted Washington's attention. Reports of Soviet military aid, similar to the current crop, surfaced periodically.

But in the late 1960s and early 1970s the real threat was Chinese. The Communist Party of the Philippines, established in 1968, was avidly Maoist and anti-Soviet.

Evidence then indicated Chinese support for the rebels, including shipments of arms and, later, financial support. In 1975, however, Mr. Marcos established diplomatic relations with China and, as a condition, China halted aid to the NPA.

Communist leaders' attitudes toward Moscow began to change in the 1980s. The Christian Science Monitor quoted one guerrilla in 1983 as saying that they would accept Soviet weapons "if there were no strings attached." But the paper reported in 1985 that a recent Soviet offer of "substantial military aid" had been rejected because of logistical problems and the Communists' fears that the United States would be drawn directly into the conflict.

The Soviets are testing the waters, but there is little evidence that they have done more. American intelligence sources say. The NPA does not need Soviet arms. It can buy or capture arms locally. What it needs for the war effort is money and credibility. These the Soviets can provide. The movement also requires large sums to sustain political cadres and to support "mass actions."

What is curious is how little of the Communist Party's money does go into weapons. Its regular fighting force numbers about 20,000, only half of whom are estimated to have weapons. Intelligence sources believe that the NPA could field a conventional force of more troops if they had arms.

The proper balance between the armed and political struggles has always been a matter of internal party debate. Too much emphasis on the military struggle, it is feared, might advance the revolution before the "political ground" had been prepared. This could provoke a popular reaction against the party, while more overt warfare might invite U.S. intervention.

The Soviets could ensure a steady supply of weapons. That they have not indicates that the war has not reached a critical point. It also points to continued hostility to Soviet aid among the Communist Party's rank and file.

More important, the Soviets do not have to provide direct aid to influence. A more lucrative Soviet approach to low-intensity conflict in the Philippines is the oldest strategy of obtaining intelligence and securing a political foothold. The conflict is escalating, with the Soviets poised to play on what was once exclusively American turf. In one week in March, more than 100 people were killed.

The Philippine military is still in disarray. Rape and the U.S. Congress has cut back military aid to the opposition of Senator Jesse Helms to the nominee, the United States has been without an ambassador to the Philippines since May. Russian tanks can well be imagined.

The writer is a senior associate in the Carnegie Endowment for International Peace. He contributed this comment to The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Emperor Is Dead

TOKYO—The Emperor of Japan died at 12:32 a.m. [on July 30] from heart failure, following upon the attack of uraemia, from which he had been suffering since the 14th.

The reign of Meiji, Emperor of Japan, will certainly be considered one of the most remarkable in the annals of history. On his accession to the throne, at the age of fifteen, in 1867, the Empire was in a condition of semi-barbaric feudalism. During the forty-five years of his sovereignty the Japanese people have undergone an astonishing transformation, assimilating in a wonderful manner the civilization, the arts and sciences of the Western nations. His death leaves Japan ranking high among the Great Powers and equipped with a most efficient army and navy, which have given proof of supreme military qualities under the lead of generals and admirals of the highest order.

1937: King Enthroned

CAIRO—For the first time since the rule of the Pharaohs, an independent king sat on the throne of Egypt [on July 29], when King Farouk, who has now reached the legal age for kingship, was invested with sovereign powers amid the wild acclamations of his people. The "crowning" consisted in the mere formality of the taking of the constitutional oath before Parliament, as Mahometan law forbids the wearing of a crown even by the successor of Muhammad-an Arab. The Queen Mother and the women members of the royal family appeared in public unveiled, with only a bit of gauze covering their chins. After the oath ceremony, the entire assembly showed in chorus "Long Live His Majesty King Farouk of Egypt," and when the cheering subsided, King Farouk said: "Long live King Farouk of Egypt and the Sudan," which brought forth a round of thunderous applause.

OPINION

Tips to the Next President For Picking an Entourage

By James Reston

WASHINGTON — The congressional committees investigating the Iran-contra affair are collecting some useful tips for the next president of the United States. Among them are these:

- Good friends usually make bad attorneys general.
- Clip the wings of the National Security Council. Ditto the CIA.
- Beware of former campaign managers, and reorganize your cabinet to serve as your principal source of advice.
- Cut off all air conditioning in Washington during July and August and give everybody a much needed rest.

In his testimony before the committees, Ed Meese has done nothing to challenge the rule that good friends make bad attorneys general. All his political life, in Sacramento as well as in Washington, his main loyalty has been to Ronald Reagan rather than to the law. Nothing in his legal training justified his appointment as the principal law officer of the land, and his testimony this week dramatized the point. He was concerned primarily not with the control of Oliver North or John Poindexter but with damage control.

His testimony was not only unpersuasive but at times ungrammatical, and he has a convenient memory. Some presidents have had good friends who also presided over the Department of Justice with distinction. President Eisenhower's Attorney General Herbert Brownell, for example, and President Carter's Griffin Bell.

Mr. Bell, however, remarked this week that President Reagan's mistake was in moving Mr. Meese from the White House, where he was dealing primarily with political questions, into the Justice Department, where he kept on think-

ing in political rather than in legal terms.

Winning presidents not unnaturally want to reward the men who have run their campaigns, but this has not always been a good idea. Richard Nixon, for example, chose his law partner and campaign manager, John Mitchell, as attorney general, and drowned at Watergate.

Bill Casey ran Ronald Reagan's successful campaign, and wanted to be secretary of state. Mr. Reagan turned him down but said he could have any other job he wanted. Fortunately the late Mr. Casey did not choose Justice but took the CIA. He sometimes operated there as if he had the post he really preferred.

It was George Shultz who suggested the other day that the time had come to cut the NSC down to size. It is too big and too involved in running policy instead of gathering intelligence, he said, and seems to be accountable to nobody.

Maybe the main observation to come out of these hearings is that presidents stumble into trouble by making thoughtless appointments and then by relying on those appointments for critical policy advice, and by giving them authority they have no right to exercise.

Admiral Poindexter, Bud McFarlane, Mr. Casey and Mr. Meese are cases in point. They did not mean to preside over this crisis; most of the time they did not mean anything except to help the president by denying him and Congress the facts needed for accountable decisions.

Is there a better way? During the critical transition period when Mr. Reagan was picking a cabinet and deciding how to organize his administration, Casper Weinberger made a suggestion. It was based on the model of Winston Churchill's small war cabinet.

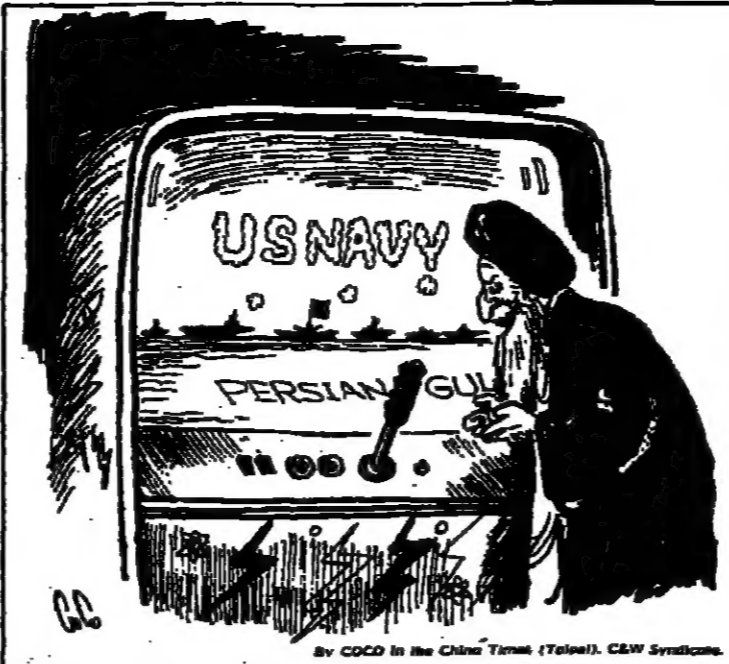
Mr. Weinberger thought the president should establish offices for the secretary of state, secretary of defense and attorney general in the Executive Office Building across the street from the Oval Office, and meet them, along with the White House chief of staff, every morning to consider the major problems for decision.

Mr. Shultz made a similar proposal years ago when he was treasury secretary. The idea was rejected, partly because it might irritate other cabinet members and the heads of the NSC and the CIA.

In the end, of course, it all comes down to the use of the president's appointive power. Nobody worries, for example, about Judge William Webster, now directing the CIA, or Howard Baker, the White House chief of staff, or Frank Carlucci at the NSC. But Mr. Meese at Justice is still a problem.

When President Gerald Ford interviewed Edward H. Levi of the University of Chicago for the post of attorney general, he asked him what the Department of Justice needed most. "It needs a soul," Mr. Levi replied. He got the job and ran the department very well.

The New York Times



By COCO in the China Times (Taipei). C&N Syndicate.

Jobless Offspring Are Bad for Morale

By Ellen Goodman

grip on independence. How can they afford an apartment? A marriage?

At first Mr. Greenberg, the head of The Analysis Group, would try to get the conversation back on track. But after it had happened six times, 12 times, 24 times, he realized that this was the

MEANWHILE

track, a track that led directly toward a center of strong anxiety.

Mr. Greenberg, who is not an entirely disinterested observer (he is the father of two college-age children), decided to add a question to two of his statewide surveys. How often, he asked in one Midwest and one East Coast state, do you get upset about children who are not able to leave their parents' home and set up their own?

A full 50 percent said "frequently or very frequently." This was a start-

ling figure since nowhere near that number of people actually were suffering from the full-nest syndrome.

It turns out that this issue runs deeper than expected. It doesn't just exist in middle-aged swap fests of anecdotes about the younger generation — "My teen-ager has a ring through his nose" — "Oh yeah, mine has green spiked hair." Mr. Greenberg says, "Kids have become the idiom for a broad range of economic concerns." They are the way Americans express their worries about an economy, even a world, that doesn't promise any more that things will get better for them or for the next generation.

The oldest of the baby-boom generation, parents who were independent at a young age, are particularly conscious, even self-conscious, about the difficulties their young are having taking hold. "To parents, a 30-year-old at home may be seen as pretty visible evidence of failure," muses Mr. Greenberg. "Maybe they haven't succeeded in their parenting role, helping these kids get out and on their own. Maybe they're unable to pass on what they've achieved."

But parents also talk with sadness about children who were forced to leave hometowns and home states to find work. "It is very perverse," he says. "We have people concerned about kids when they get out to get decent jobs and people concerned when they don't go."

These anxieties about the young even cloud the horizons of the elders who are doing well. The Analysis Group polled one state with only 2.5 percent unemployment and found that the majority nevertheless believed that "the country is on the wrong track." This sentiment correlated highly with concern about their children's futures. In Michigan, even voters optimistic about themselves believed that "something is wrong with an economic contentment... that cannot be passed on to one's children."

What is coming home in all this information? More than the "children." Every American knows some young person facing the high price of a starter home and the low wage of a starting job. And everyone knows parents who give children what they want: a room. But most politicians have regarded the young as a small demographic sample, whose problems wield little political clout.

What these anecdotes, these tales from the runaway focus groups, suggest is how powerful generational links are, how deeply the anxiety about the future affects attitudes about the present. These connections are ultimately, and politically, as real as the hallway that leads to a 27-year-old "child's" room.

Washington Post Writers Group.

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LETTERS TO THE EDITOR

Tanzania: News and Views

What has happened to the crucial teaching of C.P. Scott of the Manchester Guardian that newspapers should not mix factual reporting with comment in the same news story? In your issue of July 20 you publish an agency report stating, "Former President Julius K. Nyerere, whose Socialist policies plunged his nation into bankruptcy, has confirmed he will retire as chairman of the ruling party."

This is a glaring example of mixing news with comment. It is debatable whether Mr. Nyerere's "Socialist policies" did indeed plunge Tanzania into bankruptcy. The country's situation was no worse than that of many other African countries that did not practice socialism. Distinguished academic economists have identified seven reasons for Tanzania's economic setback since 1973, of which five involve external factors (for instance, the impact of the fourfold increase in the price of oil and the collapse in the world prices of commodities) and climatic conditions; only two have to do with wrong government policies. Some of us would argue that, mistaken as some of the policies were, the rural transformation in Tanzania has in fact laid the foundation for the

country's rapid economic recovery, depending mainly on good rainfall and the correction of some past errors.

It can further be argued that in the first 12 years since independence in 1966 Mr. Nyerere's "Socialist policies" brought considerable economic and social advancement, with growth in the agricultural domestic product greater than Kenya's under its non-Socialist policies.

However, the purpose of this letter is not to argue the case in favor of Tanzania's "Socialist experiment" but to express disappointment that a newspaper of distinction such as the International Herald Tribune should have offended against Scott's cardinal rule.

COLIN LEGUM,
Editor, Africa Contemporary Record,
Richmond, England.

Pakistan's best interest, after all, that the Soviet Union should not control Afghanistan. The last thing the world needs is another country with nuclear weapons.

RICHARD BURNES,
Göttingen, West Germany.

Putting It Mildly

To say that Egypt "bears its share of blame" for four wars with Israel, as Barbara Slavin writes (Special Report on Egypt, June 27), is like saying that Japan bears its share of blame for Pearl Harbor.

ZALMAN SHOVAL,
Tel Aviv.

A Saint for Gunmen

Regarding the report "U.S. Gun Lobby Wants Its Own Patron Saint" (July 21):

While I appreciate your noting my request to the Vatican that Gabriel Possenti be designated Patron of Handgunners, I would like to correct two inaccuracies. Gabriel Possenti already is a saint; he was canonized in 1920 by Pope Benedict XV. My request is that he now be designated Patron of Handgunners. And you refer to him as a "priest." He died while still in theological studies, was not ordained and thus was never a priest.

JOHN M. SNYDER,
Chief Lobbyist, Citizens Committee
for the Right to Bear Arms,
Washington.

Not Quite Commandant

Regarding "Working Mothers in the Firing Line" (Meanwhile, July 21):

Smendley Butler was never commandant of the marine corps. When that office became vacant in 1931, he was the senior major general in the corps. But Smendley was never one to think quietly; he often shot his mouth off about matters outside his jurisdiction. He thus made

Call Pakistan's Bluff

We continue to read about Pakistan and its search for nuclear materials and knowledge. Pakistanis are caught red-handed trying to buy restricted materials. Their government scoffs at the idea of the United States cutting off aid, because Pakistan feels it holds a trump card as a supply conduit to Afghanistan. The time has come to call Islamabad's bluff. It is in

Don't Write Lebanon Off

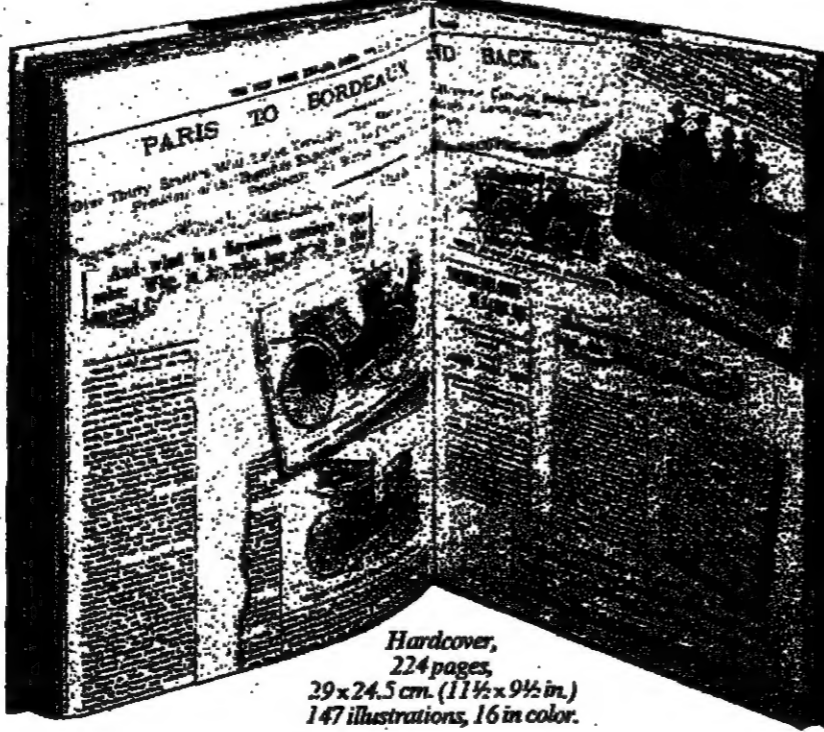
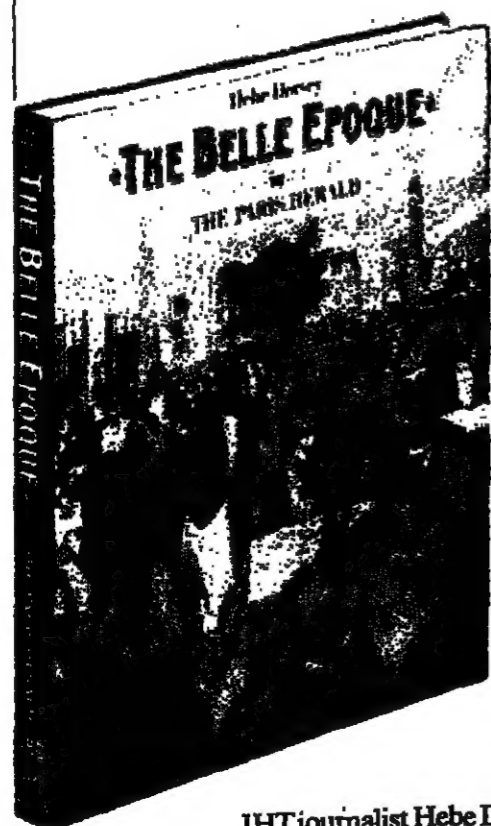
Lebanon is today at a crucial turning point. We have been witnessing the undermining of all governmental institutions, the pillars of a viable modern state. It remains to be seen whether the presidency will escape the fate of the other defunct or polarized branches of the state. President Amin Gemayel, regardless of one's personal views, today enjoys the support of the quasi-totality of Lebanese, for to them the survival of the presidency represents Lebanon's last

North Pleased Many

MUCH has been made of Oliver North's ability as an actor. But I was stunned at what I kept hearing in certain homes about Colonel North and his wife and their children — how refreshing it was for viewer after viewer to see (so they told me) a two-parent family, "a solid and normal one," as one mother said, commenting not only on the colonel but on his wife — her appearance, choice of clothes, manner of response to her husband. Someone still lives the old-fashioned virtuous life — fights in a war bravely, comes home with medals, is a good husband and father, is religious, takes it on the chin and suffers with dignity while others walk away; has regrets for not being with his family more; yet is an adventurer, even a bit of a rogue, but all for the beloved nation. Americans yearn for certain moral and social values, as conservatives well know and as many liberals have a hard time understanding.

Robert Coles in the Los Angeles Times

On-the-spot reports of an era of great inventions and remarkable people



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IHT journalist Hebe Dorsey, fascinated by the Belle Époque, has compiled a book that is a veritable open window on that extravagant period. Using the most authentic of sources — the archives of the Paris Herald (former nickname of the International Herald Tribune) — she has sifted through literally thousands of pages of newsprint to bring readers an immense variety of information as well as reproductions of major news stories of the

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Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33 Ptas. 20.140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05 S.Kr. 1.110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10 S.Fr. .400
Rest of Europe, North Africa, former French Africa, Middle East \$	430	230	125	Varies by country
Rest of Africa, Gulf States, Asia: \$	580	320	175	

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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	175.24	174.23	175.24	+0.81
AT&T	125.24	124.23	125.24	+0.81
Merck	115.24	114.23	115.24	+0.81
Amgen	105.24	104.23	105.24	+0.81
Amgen	95.24	94.23	95.24	+0.81
Amgen	85.24	84.23	85.24	+0.81
Amgen	75.24	74.23	75.24	+0.81
Amgen	65.24	64.23	65.24	+0.81
Amgen	55.24	54.23	55.24	+0.81
Amgen	45.24	44.23	45.24	+0.81

Market Sales		
NYSE 3 p.m. volume	157,000,000	
NYSE 3 p.m. value	\$1,200,000,000	
NYSE 3 p.m. volume	157,000,000	
NYSE 3 p.m. value	\$1,200,000,000	

NYSE Index				
High	Low	Close	Today's P.M.	Change
175.24	174.23	175.24	175.24	+0.81
125.24	124.23	125.24	125.24	+0.81
115.24	114.23	115.24	115.24	+0.81
105.24	104.23	105.24	105.24	+0.81

Wednesday's
NYSE
Closing
Via The Associated Press

AMEX Diary		
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	

NASDAQ Index		
Composite	100.00	
Composite	100.00	
Composite	100.00	
Composite	100.00	
Composite	100.00	

AMEX Most Actives				
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Amgen	95.24	94.23	95.24	+0.81

Dow Jones Bond Averages		
Bond	100.00	
Bond	100.00	
Bond	100.00	
Bond	100.00	
Bond	100.00	

NYSE Diary		
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	

Odd-Lot Trading in N.Y.				
Buy	Sell	Volume	Value	Change
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00

Dow Jones Averages				
Open	High	Low	Last	Chg.
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00

Standard & Poor's Index		
Composite	100.00	
Composite	100.00	
Composite	100.00	
Composite	100.00	
Composite	100.00	

Previous NASDAQ Diary		
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	
Advanced	100.00	

AMEX Stock Index				
High	Low	Close	Today's P.M.	Change
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00
100.00	100.00	100.00	100.00	0.00

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Rises 25.39 to New High

United Press International
NEW YORK — Prices on the New York Stock Exchange advanced further into record territory on Wednesday after rebounding from an early bout of profit-taking. Trading was heavy.
The Dow Jones industrial average, which rose 8.61 points on Tuesday, gained another 19.77 on Wednesday to close at 2,539.54.
Volume rose to a brisk 194.8 million shares from about 172.6 million on Tuesday.
At 1 P.M., advances were leading declines 3-2.
Prices were higher in moderate trading of American Stock Exchange issues.
Stocks opened higher but quickly turned lower after blue-chip issues, under pressure from profit-takers, erased gains and dragged the broad market down.
The declines occurred in subdued trading, however, and the market advanced when profit-taking subsided.
Trude Lattimer, an analyst at Josephthal & Co., said that in the week and a half since the Dow closed above 2,500 for the first time, trading had been marked by a "drying up of selling, rather than by aggressive buying."
At 3 P.M., Union Carbide was the most active NYSE-listed issue, losing ground.
Chase Manhattan Bank was lower in active trading. GTE was up.
Boeing eased a bit after stronger 74 Tuesday on reported plans by T. Boone Pickens, the investor, to buy more than \$15 million of Boeing securities.
Among other blue-chips, AT&T, General Electric, Merck and American Express were gaining. IBM was off a bit, Coca-Cola was gaining. Eastman Kodak was up sharply. DuPont was lower; it boosted its quarterly dividend.
Anheuser-Busch was up in active trading. Merrill Lynch raised its near-term investment rating on the stock.
Phillips Petroleum was up, but Exxon, Chevron and Texaco were lower.
Bethlehem Steel was off a bit. It reported second-quarter net income of \$46.8 million, or 79 cents a share, compared with a loss of \$23.8 million in the year-ago period. The company said it would record a profit in the third quarter, and it reinstated dividends on two preferred stock issues.
USX was ahead. It said Tuesday that second-quarter net income rose to \$149 million from \$14 million a year earlier because of strength in its energy and steel operations.
Among auto issues, General Motors was off a bit. Ford was unchanged and Chrysler was up 14 to 394. An auto analyst with Paine Webber, Ann Knight, raised her 1987 and 1988 earnings estimates for Chrysler.
Goodyear strengthened again after climbing 24 Tuesday. It reported a 31 percent rise in quarterly profit early this week.
Technology issues were stronger late in the day than they were in the morning. Digital Equipment was off slightly. Cray Research was up.

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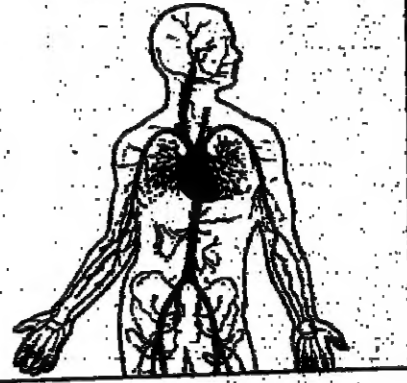
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INTERNATIONAL STOCK MARKETS

Tax Raids and Dud Issues
Erase Bombay's Confidence

By SANJOY HAZARIKA
New York Times Service

BOMBAY — Two years ago, India's premier stock exchange was swept by an unprecedented buying boom. Hundreds of thousands of new investors flooded the market as public enthusiasm grew for the pro-business policies of the new prime minister, Rajiv Gandhi.

These days, the Bombay stock exchange is in the midst of a severe crisis. Financial experts attribute the slump to political uncertainty, poor corporate performances, tax raids on brokers, a decline in investor confidence and heavy speculative selling.

India's one-time bull market is caught in a "great bear hug," a leading business magazine declared.

The BSE index of 30 leading stocks has dropped nearly 40 percent from 650 in June 1985. The \$75 million (currently \$120 million) India Fund launched in London last August has slumped almost as much.

One of the most crucial factors in the dramatic slump through the spring and summer was a sharp decline in investor confidence. Analysts said that the slump was triggered by investigations of wealthy business executives who were believed by government authorities to be evading tax and foreign exchange laws, as well as the flooding of scores of small and medium-size companies that floated equity issues one or two years ago promising quick returns.

"The new issues market is in very bad shape," M.R. Mayya, the executive director of the Bombay stock exchange, said in an interview. He said that while issues of new companies had been oversubscribed 10 times "on an average" in 1985, the exchange's boom year, these days most new issues are undersubscribed.

The Indian government, deeply worried about the decline of the capital market, intervened last month and banned all forward trading. The intervention came after Mr. Gandhi's party was routed by an opposition coalition in elections in the northern state of Haryana and the market's leading index dropped to 443 points, its two-year low. Protests from brokers led to an amendment. The ban was maintained on short sales but lifted for speculative purchases.

INDIAN officials now say they are planning to set up a national securities board patterned after the Securities and Exchange Commission in the United States. It would have the dual tasks of protecting the investors' interests and enforcing rules in India's six principal stock exchanges.

Last month, the president of the six exchanges met in Bombay and submitted proposals to the government "to safeguard the interests of the investors." The suggestions included tax concessions to investors and companies and limits on short-term price fluctuations.

A key factor behind the recent bearishness, financial experts say, was the failure of Mr. Gandhi's annual budget, presented to parliament in February, to include tax cuts. Another is India's tense confrontations with China and Pakistan.

"There is such a crisis of confidence among the investing public that it will take quite some time for the situation to return to normal," said Ramu Pandit, the secretary-general of the Indian Merchants Chamber, a leading business organization in western India. He said that near-recessionary conditions, a too much production and too few buyers existed in several industries, including cement, building, automotive and engineering.

Mr. Pandit and others noted that many middle-class investors who played the market for the first time in the euphoric mid-1980s and invested in new ventures had lost money. At that time, the government allowed companies with a minimum paid-up capital of 10 million rupees (about \$770,000 at current exchange rates) to enter the market.

"A lot of companies made unscrupulous use of the situation to See BOMBAY, Page 15"

Currency Rates

Cross Rates	July 29
Australia	1.5245
Belgium	36.36
Canada	1.0000
France	6.5596
Germany	1.3663
Italy	1.3663
Japan	163.60
Netherlands	2.0361
Spain	166.37
Switzerland	7.4835
United Kingdom	1.4937
U.S.	1.0000
West Germany	1.3663
Yen	163.60

Source: Reuters, Bank of Tokyo, Citicorp, Deutsche Bank, etc.

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Cap Buys
CGE Stake
In SESA

Purchase Boosts
Holding to 93%

PARIS — Compagnie Générale d'Electricité (CGE) said Wednesday it had sold its 51 percent stake in the computer systems integration company SESA to Cap Gemini Sogefi, the French software services company.

The purchase boosted Cap Gemini's stake in SESA to 93 percent from 42 percent, said Michel Berry, the general manager for Cap Gemini. He declined to specify the purchase price.

The remaining 7 percent of SESA is held by its employees. Cap Gemini said that SESA had consolidated pretax revenue of just over 1 billion francs (\$161.8 million at current rates) in 1986, with 43.8 million francs in net profit.

Mr. Berry said that units in the United States, Belgium, West Germany and Italy accounted for 25 percent of SESA's revenue. Cap Gemini said in May it was planning to expand, particularly in North America, using 1 billion francs for acquisitions.

A spokesman for CGE, an electrical engineering and telecommunications conglomerate, said it sold the stake because SESA's technology had been overtaken by CGE's computer services division.

SESA formerly supplied the DPS-25 packet switching system for the Transpac data network used by France's state-owned postal services and telecommunications system.

But the telecommunications ministry recently selected the Alcatel X-43 system to replace the older SESA system, the CGE spokesman said. As a result, CGE was willing to sell its stake.

CGE has an interest in the Alcatel X-43 system through the Alcatel NV joint venture that it established with ITT Corp. earlier this year.

Cap Gemini's shares were floated on the Paris Bourse for the first time last month.

By Stephen Phillips
New York Times Service

BLOOMINGTON, Indiana — At the Third Base Lounge, down the road from the General Electric Co.'s television assembly plant here, the conversation between beer is about the recent buyout of the plant by Thomson SA, the French government-owned consumer electronics giant.

Already, the workers in this southern Indiana town where 10,000 color televisions are assembled daily are kidding about wearing tilted berets and taking lunch breaks with red wine.

But underneath the lighthearted remarks, many of the 1,700 hourly workers in GE's plant here are experiencing the same shock, bitterness and uneasiness as they did a year ago, when their plant, then owned by RCA Corp., was acquired by GE.

Last week, in a move that surprised industry officials and many employees, GE announced that it was selling its consumer electronics business for \$800 million to Thomson.

"Most of us are real depressed," said Sierra-Sue Hill, who has worked in the plant since 1961. "GE told us they would make a go of the plant when they bought us from RCA. But now we find out that we've been sold again."

Indeed, after acquiring the plant from RCA last June, GE seemed to have big plans for its television business. It added its own line of televisions to the existing RCA line, increasing production. GE also persuaded the International Brotherhood of Electrical Workers to alter plant rules so that employees in the Bloomington plant with only one designated job classification could perform as many tasks as needed.

It is in those changes that the Bloomington workers are placing their hopes for survival. "I hope the French want a little to see all that money GE is putting in come back out in savings," said Wanda Hawkins.

— Sierra-Sue Hill, an employee at the plant

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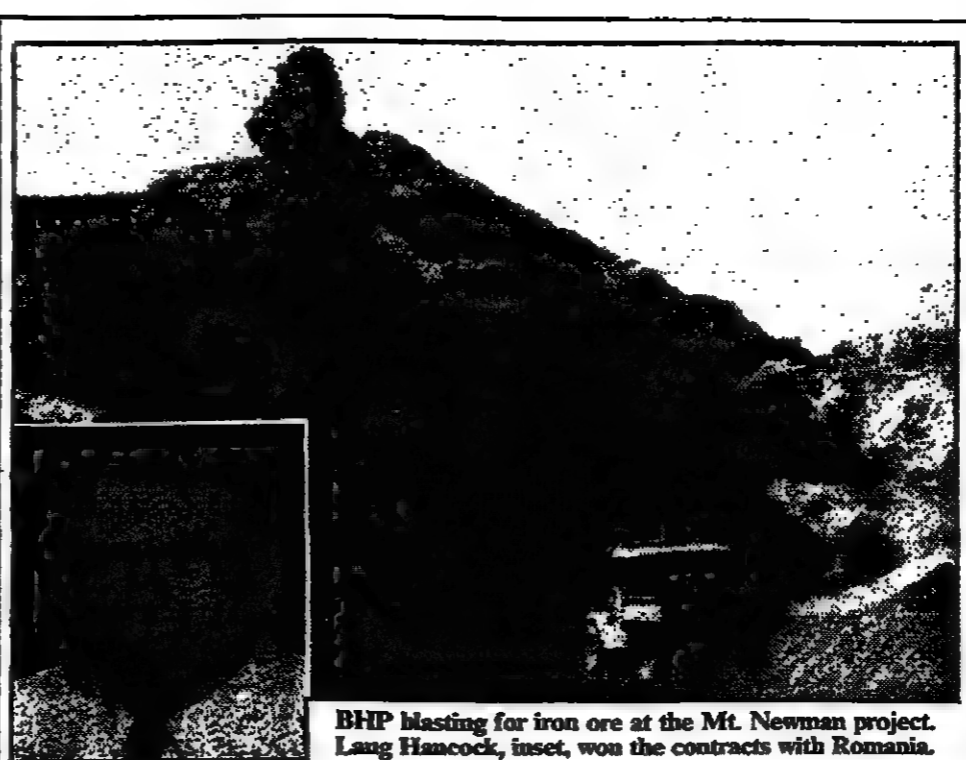
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BHP blasting for iron ore at the Mt. Newman project. Lang Hancock, inset, won the contracts with Romania.

Romania Meets McCamey's Monster
Australia Moves to Supply Iron Ore to Eastern Europe

By Michael Richardson
International Herald Tribune

NEWMAN, Australia — When Nicolae Ceausescu, the president of Romania, makes an official visit to Australia later this year, he will be taken by air and four-wheel-drive vehicle across some of the most remote and arid parts of this continent to inspect a series of iron ore outcrops near here known as McCamey's Monster.

Escorting him will be Lang Hancock, an Australian mining entrepreneur who owns McCamey's Monster, and senior executives of Broken Hill Proprietary Co. Ltd., Australia's largest corporation.

Common interest in iron ore has brought this otherwise odd partnership together in a business deal that Mr. Hancock estimates will be worth about 1.5 billion Australian dollars (\$1.1 billion). The Romanian deal could open the way for sales of Australian iron ore and coking coal to other countries in Eastern Europe.

In a recent interview in his office in Perth, Mr. Hancock said he had signed contracts to supply 33 million metric tons (58 million tons) of iron ore to Romania's state-owned steel industry over

the next 11 years, starting in January.

Mr. Hancock "developed the goodwill out there and he has the contracts," with Romania said Gordon Freeman, chief executive of Mt. Newman Mining Co. Pty. Ltd., a subsidiary of BHP that produces iron ore from two mines on the edge of this town.

Mr. Freeman traveled to Ro-

mania with Mr. Hancock in April for discussions with officials there. In May, the two men signed a memorandum of agreement on iron ore exports to Romania. Mr. Hancock's contacts in Eastern Europe go back at least a decade.

Romania, because it is short of hard currency, will pay for the ore by bartering goods of equivalent value, mainly heavy machinery, steel, raw chemicals and other industrial feedstock products.

Mr. Hancock and BHP executives said they would have no difficulty in selling goods from Romania's barter list, although some analysts are skeptical about the arrangement.

Explaining the iron ore deal with Romania, Mr. Hancock said that Mr. Ceausescu wants to expand his country's steel industry using higher grade ore than he gets from the Soviet Union, a major supplier.

"I'll be replacing Russian ore with Australian ore," Mr. Hancock said. "The Russians are See IRON, Page 13"

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

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See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

See IRON, Page 13

EC Investigates
Fiat's Purchase
Of Alfa Romeo

Compiled by Our Staff From Despatches

BRUSSELS — The European Community launched an investigation on Wednesday into last year's takeover of Alfa Romeo SpA by Fiat SpA, to determine whether the sale involved illegal subsidies from the Italian government.

A spokesman said that the European Commission, the EC's executive body, wants to determine whether Italian aid to Alfa illegally helped Fiat by resulting in a cheaper price for the sports car maker, which Fiat won over a rival bid from Ford Motor Co.

The commission would also examine whether the government, which indirectly owned Alfa, was entitled to give the company cash in 1985.

Fiat's shares fell slightly Wednesday to close at 12,175 lire from 12,185 lire on Tuesday on the Milan bourse.

Fiat paid a nominal 1.05 trillion lire (\$781 million at current exchange rates) for Alfa Romeo last year. But the European Commission is said to have estimated that Italy's largest automaker paid an effective price of just 400 billion lire.

If the commission determines that EC laws designed to promote fair competition within the community were broken, the body could order Italy to recover the state aid to Alfa.

Commission officials said that indirect government subsidies to Alfa could range from 290 billion to 566 billion lire.

But they added that Fiat took over only 700 billion lire of Alfa's total 2,100 billion lire in debt. If this were taken into account, they said, the state aid would be much larger.

Alfa also received a government cash boost of 206.2 billion lire in 1985 to help cover losses.

EC officials said that the 1.05 billion lire price that Fiat paid seemed very low, despite Alfa's losses and declining market share. The money was to be paid in five annual installments after a six-year grace period.

Aside from the purchase price, Fiat had also been reported willing to invest about 5 trillion lire in Alfa

and cover the debts it might run until 1990, when the sports car maker was expected to break even.

Ford had offered to buy an initial 19.5 percent share in Alfa Romeo for an estimated 150 billion lire, eventually raising its interest to a controlling stake in three years.

Ford had also said it would invest up to \$2.57 billion in Alfa and would take responsibility for Alfa's debts after 1987, corresponding with its stake in the company.

Fiat and the Italian government will be asked for full information about the transactions.

(Reuters, AP)

Daimler Aid
Is Withdrawn,
EC Drops Probe

Reuters

BRUSSELS — The European Community said Wednesday that it had closed its inquiry into proposed state aid for Daimler-Benz AG's new 1.8 billion Deutsche mark (\$970 million) plant, after a West German state government effectively withdrew the aid plan.

The EC's executive body, which launched the inquiry in October, can block aid payments if they violate EC competition rules. EC rules permit state aid only in rare circumstances, mainly to help develop poor regions, but never to improve a company's standing against its competitors.

An EC spokesman said the state government of Baden-Württemberg and the town of Rastatt in southern Germany, where the plant is to be built, had backed down on granting Germany's biggest industrial company more than 132 million DM in potentially illegal aid in the form of a cleared site.

Daimler-Benz will now pay to prepare the site, on which it plans to open a plant in 1990 to employ about 7,000 people.

The decree, which immediately went into effect, said that the government would audit bank records. It warned that private bank administrators who provided false information on bank assets or transactions would be subject to administrative sanctions, such as losing their jobs, and could be legally prosecuted.

The decree suspended the authority of the board of directors of each bank, credit institution and insurance company and said they would be ruled by three-member administrative committees appointed by the government.

The foreign banks with operations in Peru are Citicorp, Chase Manhattan, BankAmerica Corp., Bank of Tokyo, Banco Central de Madrid and Bank of London & South America Ltd.

U.S. bankers said that Peru, already a pariah in the eyes of most foreign bankers because of its unyielding debt policy, would become even more isolated from the world credit transactions would be guaranteed.

See PERU, Page 15

Peru Refrains From Seizing
Foreign Bank Operations

Reuters

LIMA — Peru excluded foreign banks Wednesday from a presidential decree giving the government immediate control of banking, credit and insurance institutions pending approval of a proposal to nationalize them.

A government spokesman had said Tuesday that the proposal by President Alan Garcia Pérez to nationalize the country's banks would include the six foreign bank subsidiaries in Lima, among them Bank of Tokyo Ltd. and Chase Manhattan Corp.

Mr. Garcia said that banking operations would be frozen while Peru's congress studied his proposal. But the interim decree published Wednesday in El Peruano, the official government daily, made no mention of foreign banks.

It said that 10 private banks, 6 credit institutions, and 16 insurance firms would be under government control when they reopened Thursday and that private savings and credit transactions would be guaranteed.

But for now, many employees are uneasy. "Job security," one worker said, "I have a kid on the way, and this does not really help things."

"We have reason to be worried — it seems like we never know," said Jessie State, who has worked at the plant for 16 years. "But cutting jobs, saving money and competition is the whole ball of wax. And that is what it's like to be working in the '80s."

— Jessie State, an employee at the plant

— Jessie State, an employee at the plant

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Wednesday's NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Stock	Chg.	Vol.	PE	Div.	High	Low	Close	Open
IBM	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
AT&T	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
GE	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Westinghouse	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Rockwell	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Boeing	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Grumman	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Boeing	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Grumman	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Rockwell	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Boeing	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Grumman	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
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Lockheed	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
McDonnell Douglas	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Northrop	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4
Grumman	+	1.1	17	3.50	117 1/2	117 1/4	117 1/2	117 1/4

Transtar Airlines of U.S. To Cease Operations

HOUSTON — Southwest Airlines Co.'s wholly owned Transtar Airlines Corp. unit said Wednesday that it will cease operations on Aug. 9, after which it will be liquidated.

Transtar, formerly known as Muse and acquired by Southwest in 1983 for \$72 million, said it has not filed for bankruptcy. But it said low average fares and passenger loads have continued to produce unacceptable losses, despite its low operating costs.

"The existing competitive environment in the airline industry, and particularly in the markets served by Transtar, has made it virtually impossible for a small carrier such as Transtar to compete effectively," Southwest said.

It said the closing "would have absolutely zero effect on Southwest Airlines' present or future operations."

The statement said that Southwest is profitable, financially strong and growing. Transtar's losses hurt results of southwest, which lost \$9.8 million in the quarter ended March 31, compared with a year-earlier profit.

The airlines have been operated separately since the acquisition of Transtar.

NYSE High-Lows

Stock	High	Low	Open	Close
IBM	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	117 1/2	117 1/4	117 1/4	117 1/2
GE	117 1/2	117 1/4	117 1/4	117 1/2
Westinghouse	117 1/2	117 1/4	117 1/4	117 1/2
Rockwell	117 1/2	117 1/4	117 1/4	117 1/2
Boeing	117 1/2	117 1/4	117 1/4	117 1/2
Lockheed	117 1/2	117 1/4	117 1/4	117 1/2
McDonnell Douglas	117 1/2	117 1/4	117 1/4	117 1/2
Northrop	117 1/2	117 1/4	117 1/4	117 1/2
Grumman	117 1/2	117 1/4	117 1/4	117 1/2
Boeing	117 1/2	117 1/4	117 1/4	117 1/2
Lockheed	117 1/2	117 1/4	117 1/4	117 1/2
McDonnell Douglas	117 1/2	117 1/4	117 1/4	117 1/2
Northrop	117 1/2	117 1/4	117 1/4	117 1/2
Grumman	117 1/2	117 1/4	117 1/4	117 1/2

Stock	High	Low	Open	Close
IBM	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	117 1/2	117 1/4	117 1/4	117 1/2
GE	117 1/2	117 1/4	117 1/4	117 1/2
Westinghouse	117 1/2	117 1/4	117 1/4	117 1/2
Rockwell	117 1/2	117 1/4	117 1/4	117 1/2
Boeing	117 1/2	117 1/4	117 1/4	117 1/2
Lockheed	117 1/2	117 1/4	117 1/4	117 1/2
McDonnell Douglas	117 1/2	117 1/4	117 1/4	117 1/2
Northrop	117 1/2	117 1/4	117 1/4	117 1/2
Grumman	117 1/2	117 1/4	117 1/4	117 1/2
Boeing	117 1/2	117 1/4	117 1/4	117 1/2
Lockheed	117 1/2	117 1/4	117 1/4	117 1/2
McDonnell Douglas	117 1/2	117 1/4	117 1/4	117 1/2
Northrop	117 1/2	117 1/4	117 1/4	117 1/2
Grumman	117 1/2	117 1/4	117 1/4	117 1/2

U.S. Futures

Via The Associated Press

July 29

Grains

WHEAT (CBT)

1987-88

1988-89

1989-90

1990-91

1991-92

1992-93

1993-94

1994-95

1995-96

1996-97

1997-98

1998-99

1999-00

2000-01

2001-02

2002-03

2003

Deutsche Bank Profit Falls Sharply

By Ferdinand Protzman
International Herald Tribune
FRANKFURT — Deutsche Bank AG, West Germany's largest commercial bank, reported a steep drop Wednesday in partial operating earnings for the first half of 1987, reflecting what analysts said was a trend toward sharply lower annual earnings in the nation's banking sector.

Deutsche Bank said that partial operating profit was halved in the first six months of this year, falling to 666.1 million Deutsche marks (about \$359 million) from 1.39 billion DM, a half-year

figure for 1986 based on a sum of monthly average earnings.

It blamed the drop on marked declines in interest and commission earnings.

Partial operating earnings of West German banks consist of interest and commission earnings minus operating expenditures. The banks traditionally compare interest earnings with an average calculated from the previous year's total.

The first-half earnings comparison was distorted by large extraordinary earnings in 1986 from the sale and share issue of Feldmühle

Nobel AG, the industrial core companies of the former Flick group, the bank said.

Total operating profit, which includes Deutsche Bank's trading on its own account, was 28 percent lower in the first half compared with the average calculated for half of 1986. The bank did not provide a specific figure and said the comparison did not include Flick earnings.

The bank said its earnings from trading on its own account in foreign exchange and precious metals were nearly unchanged.

Deutsche Bank's total assets rose less than 1 percent in the first half, to 161.37 billion DM from 159.93 billion DM.

The decline was expected by banking analysts, who are generally predicting much lower earnings for 1987 compared to the record results posted the previous year by West Germany's "Big Three" — Deutsche Bank, Dresdner Bank AG and Commerzbank AG.

"The banking business is weaker this year for several reasons," said an equities analyst at Industriekreditbank AG in Düsseldorf. "The bond market is dead, the stock market is much weaker than it was last year, and operating costs are up slightly. Also, there is very little demand for short-term credit."

Those factors, combined with relative calm on the foreign exchange market in the first half, have cut deeply into banks' commission and own-account trading results, he added.

But analysts said that recent signs of life on the stock and foreign exchange markets should bring somewhat better earnings in the second half.

Austria to Sell a 9% Stake In Länderbank This Autumn

International Herald Tribune
FRANKFURT — Österreichische Länderbank AG said Wednesday that the Austrian government will sell a 9 percent stake in the bank this autumn in a move meant to pique foreign interest in Vienna's privatization plans.

Gerhard Wagner, general director of Länderbank, Austria's second-biggest bank, made the announcement Wednesday at a press conference for the bank's mid-term earnings. The sale would reduce the government stake to 51 percent.

A spokesman at the Finance Ministry confirmed that the sale would take place this year. He said that plans are moving ahead as fast as possible to list the bank on the Vienna stock exchange.

Vienna market sources said that at current prices, a 9 percent stake in Länderbank would be worth close to 1 billion schillings (\$76.7 million), while a similar stake in Creditanstalt would be worth slightly more.

Mr. Wagner said that the shares would be listed on stock exchanges in Vienna, Frankfurt, Düsseldorf and Munich.

The timing of Mr. Wagner's remarks, made at Länderbank's press conference on first-half earnings, surprised Vienna's banking community.

But analysts say Länderbank is likely to be well received. The bank's operating profit rose 12.1 percent in the first half of 1987 from a year earlier, Mr. Wagner said, although he did not give specific figures.

IRON: Australia Moves to Supply Romania With Ore

(Continued from first finance page)

having increasing difficulty supplying Romania and their East European allies. It's a headache for them.

Brazil, Australia and the Soviet Union are the world's top iron ore exporters. Australia exported 80.5 million metric tons of iron ore in 1986, more than 50 percent of it to Japan.

But Soviet iron ore is of a substantially lower grade than Australian and Brazilian ore, said Geoff Wedlock, planning manager in BHP's minerals division. It is also becoming increasingly expensive to produce as Soviet mines must dig deeper underground.

Another element in the deal involves a shipping canal linking the Romanian port of Constanta on the Black Sea with the Danube river. The canal was officially opened by Mr. Ceausescu in May 1984, and he wants more toll-paying bulk goods to flow through it into the heart of Europe.

Mr. Hancock said that Mr. Ceausescu was "wildly enthusiastic" about the plan to improve bulk shipping. "This is the key to making the canal work," he said. "It's no good if there's virtually nothing to go up it."

Mr. Wedlock said the canal provided a gateway for Australia to sell more iron ore and coking coal to the steel industries of eastern and central Europe.

BHP, a leading Australian producer of both these commodities, has been searching for new iron ore and coking coal markets to offset falling sales to Japan, its main customer.

In recent years, BHP has been selling about 1 million metric tons of coking coal annually to the Romanian steel industry under a bilateral barter arrangement.

Mr. Hancock, who started life as an outback prospector, discovered major iron ore deposits now being mined by BHP and two other companies in this area of northwest Australia known as the Pilbara.

The royalty payments he has received since 1966 have made him a multimillionaire.

Mr. Hancock, who is 77, said his remaining ambition in life is to see Mr. Ceausescu's "Monster" developed into a major ore producer.

Ken McCamey, a friend and business associate of Mr. Hancock, discovered the deposit in 1969. They called it a monster because it is 16 miles (25 kilometers) long, about a mile wide and rises hundreds of feet from the surrounding plain.

The prospect that Mr. Ceausescu will inspect, as protrusions of a deposit that has proven high grade reserves of more than 230 million metric tons of iron ore in a total resource of more than one billion metric tons. The Romanian president is expected to make his official visit to Australia in September.

Under the agreement signed with Mr. Hancock in May, BHP will provide initial shipments of iron ore to Romania from its Mt. Newman mine. The first trial cargo is due to leave on July 29.

In return for these sales to Romania, BHP will start limited mining at the McCamey's deposit in the next few months.

Mr. Wedlock said 750,000 metric tons of McCamey's ore a year would be added to Mt. Newman's shipments to Romania.

The sales target for 1988 was about 3 million metric tons and this would rise to 5 million metric tons in 1992 if Romania found the Australian ore acceptable, he added.

Mr. Wedlock said that Mr. Hancock's contracts with Romania stipulated that Australian iron ore

would get preference over supplies from other countries provided it was cost competitive.

Mr. Hancock said that in addition to securing priority for Australian iron ore sales to Romania, the contracts he had signed with Bucharest gave Australian bulk shipments priority rights through the Black Sea-Danube canal.

The canal, which has a series of locks, is 40 miles long, up to 22 feet (7 meters) deep and has an average width of about 327 feet.

In his contract with Romania, he had to spend 25 million Australian dollars to install two modern bulk ore-handling facilities in Constanta to speed up the unloading of iron ore and coal.

Mr. Hancock said, "Romania had a very severe bottleneck in the canal because it was taking up to 30 days to unload a big ship. They had no bulk unloading facilities in Constanta. Now I've cured that."

He said the first of the Australian-built bulk loaders was being installed in Constanta and the second was on order.

Mr. Hancock said there were potential markets for Australian iron ore and coal shipped through the Danube in nine European countries that had substantial steel industries — Romania, Hungary, Yugoslavia, Austria, Czechoslovakia, East and West Germany, Poland and Bulgaria.

These countries taken as a group, he said, imported nearly 82 million metric tons of iron ore a year. Brazil is a leading supplier to Western nations in the group and the Soviet Union to the socialist states.

Mr. Wedlock said that Australian iron ore brought in bulk carriers across the Indian Ocean and through the Suez Canal would become cost competitive with Brazilian ore carried across the Atlantic to ports in Western Europe.

Insurer Intends To Sell Kluwer Stake to Wolters

Reuters

AMSTERDAM — The biggest Dutch insurer, Nationale Nederlanden NV, said Wednesday it would almost certainly sell its stake of more than 5 percent in the Kluwer NV publishing group to Wolters Samson Groep NV rather than to Elsevier NV, the hostile bidder.

Bids by Elsevier and Wolters value Kluwer at just over 1 billion guilders (\$477.6 million), though the exact amount depends upon the price of the companies' stock. At Tuesday's prices, the Elsevier bid is worth about 439.5 guilders a share, while the Wolters bid is worth about 443.

Leonard von Zwo, a managing board member at Nederlandse, said Wolters offered better long-term prospects.

Philips Earnings Rose 3.4% In 2d Quarter but Sales Fell

By Ronald van de Krol
Special to the Herald Tribune

AMSTERDAM — Philips NV, Europe's largest electronics group, said Wednesday that profit edged up a slight 3.4 percent to 215 million guilders (\$103 million at current exchange rates) in the second quarter, from 208 million guilders the year before.

But reflecting the guilder's strength against the dollar and other major currencies, revenue fell 7.7 percent to 12.28 billion guilders from 13.30 billion.

Analysts said the Philips figures were generally in line with expectations. However, the company's unchanged per-share profit of 0.90 guilder was lower than some analysts had forecast, and the share price fell 2.10 guilders Wednesday to close at 53.30 guilders on the Amsterdam Stock Exchange.

Marion Krieger of Banque Paribas Nederland in Amsterdam said that per-share forecasts had ranged from 0.95 to 1.30 guilders. "But the overall figures were not better or worse than expected," she said. "We see no reason to take Philips off our 'buy' list."

At Van Meer, the Amsterdam brokerage firm, Carl van der Togt said he was reasonably optimistic about the outlook for the second half. He forecast 1987 profit per share at 5 guilders, up from 4.39 guilders in 1986.

In the first quarter, earnings had surged 42 percent to 205 million guilders, producing a 19.3 percent rise in profit for the first half to 420 million guilders. In the 1986 half, profit declined by 19 percent to 352 million guilders.

Sales volume in the first half of 1987 rose 5 percent against the like period of 1986. But actual revenue fell 8 percent to 24.16 billion guilders, largely reflecting the strength of the guilder.

Philips said all product sectors had contributed to the rise in volume sales in the first half, with the electronic components and consumer electronics showing the strongest gains.

"The quality of profit is improving bit by bit, and for 1987 as a whole we expect net profit to rise," said Bob Spinoza Catella, a board member, repeating the forecast from the company's 1986 report.

However, he said Philips had lowered its predictions that volume sales growth in 1987 would outstrip 1986's 6 percent rise. It now expects the annual increase to remain at 6 percent.

"Economic growth in Europe and exchange rate movements of the dollar were somewhat less favorable in the first half than had been expected at the start of the year," a Philips statement said.

Operating profit rose by 123 million guilders to 1.53 billion guilders in the first half, despite the adverse foreign exchange movements.

Operating profit rose markedly in the United States, Canada, Latin America and Asia but fell by an undisclosed amount in Europe, the company said, due to a worsening of Philips' competitive position caused by currency changes. Restructuring efforts over the past few years had helped limit the decline in Europe, it added.

Mr. Spinoza Catella said Signetics Corp., Philips' U.S. computer chip subsidiary that lost money in 1985 and 1986, broke even in the first half after making a second-quarter profit.

He said Philips expected to cut a total of 3,000 jobs worldwide by the end of year, reducing the group work force to 340,000. In the first half, Philips eliminated 1,300 jobs, mostly among its European work force in consumer electronics.

Thorn to Pay \$594 Million For U.S. Rentals Company

Reuters

LONDON — Thorn EMI PLC, the consumer electronics group, has agreed to buy the U.S. rentals chain Rent-A-Center for about \$594 million, or \$27 a share.

The purchase will be funded by issuing 53.4 million new Thorn shares. The new shares represent about 20 percent of the enlarged share capital. They will be offered at 695 pence (\$11.11) each, a discount from Tuesday's closing price of 756 pence on the London Stock Exchange, on the basis of one new share for every 4.38 now held.

Thorn said Wednesday that the combined group would be one of the world's largest buyers of consumer electronic products, increasing economies for both companies.

Kansas-based Rent-A-Center owns 270 shops and 168 franchises in 38 states. It rents televisions, electrical appliances and furniture.

As news of the agreement reached the market, Thorn shares dropped to 721 pence after a close of 756 pence Tuesday.

In the fiscal year ended in March, Thorn reported pretax profits of £159.5 million, 52 percent higher than the year before. Revenue fell last year to £3.2 billion from £3.5 billion the previous year.

Rent-A-Center's pretax profit rose to \$18.3 million last year.

Merck Announces Share Buyback

New York Times Service

NEW YORK — Merck & Co. said it will spend up to \$1 billion to repurchase an undisclosed amount of its common stock and will increase its quarterly dividend to 30 cents from 25 cents.

The largest U.S. drug company explained the decision Tuesday by saying that cash from its new pharmaceuticals would increase rapidly in coming years. The buyback also represents a continuation of past policies, as Merck spent \$900 million acquiring 13 million of its shares from 1984 to 1986.

The stock closed Tuesday at \$188. The company also hinted that shareholders could expect a stock split proposal at next April's annual meeting.

INTERNATIONAL POSITIONS

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Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Canada				Eastman Kodak				Norfolk Southern			
Du Pont Canada				2nd Qtr. 1987 1986 1985				2nd Qtr. 1987 1986 1985			
Revenue	244.0	242.0	242.0	Revenue	3,270.0	2,600.0	2,600.0	Revenue	1,247.0	1,247.0	1,247.0
Net Inc.	244.0	242.0	242.0	Net Inc.	3,270.0	2,600.0	2,600.0	Net Inc.	1,247.0	1,247.0	1,247.0
Per Share	1.00	1.00	1.00	Per Share	1.00	1.00	1.00	Per Share	0.64	0.64	0.64
1st Half	77.0	70.7	67.0	1st Half	198.0	198.0	198.0	1st Half	198.0	198.0	198.0
Revenue	3,846.0	3,846.0	3,846.0	Revenue	3,846.0	3,846.0	3,846.0	Revenue	3,846.0	3,846.0	3,846.0
Net Inc.	580.0	580.0	580.0	Net Inc.	580.0	580.0	580.0	Net Inc.	580.0	580.0	580.0
Per Share	2.91	2.91	2.91	Per Share	2.91	2.91	2.91	Per Share	2.91	2.91	2.91
1st Half	461.0	461.0	461.0	1st Half	461.0	461.0	461.0	1st Half	461.0	461.0	461.0
Revenue	461.0	461.0	461.0	Revenue	461.0	461.0	461.0	Revenue	461.0	461.0	461.0
Net Inc.	51.2	51.2	51.2	Net Inc.	51.2	51.2	51.2	Net Inc.	51.2	51.2	51.2
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
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Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29
1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29	1st Half	1.29	1.29	1.29
Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29	Revenue	1.29	1.29	1.29
Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29	Net Inc.	1.29	1.29	1.29
Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	1.29	Per Share	1.29	1.29	

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
in The Associated Press

ADVERTISMENT
 (Advertisements Supplied by Funds Listed) 29th July 1987

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th July 1987

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CURRENCY MARKETS

Dollar Up Slightly on Gulf Tension

London — The dollar edged up slightly Wednesday against most currencies to close at its highest point in a week. Dealers said the dollar was buoyed largely by worry about tension in the Gulf.

But some added that the market was shifting its attention to the upcoming U.S. Treasury auction, and that sentiment on the dollar was likely to be determined by how the market believes the sale will go.

Trading was light and dull, dealers said. The dollar ended at 1.8757 Deutsche marks, up from 1.8750 DM on Tuesday, and at 150.70 yen, up from 150.35.

Slipped marginally against the British pound, which closed at \$1.6005, against \$1.5990 on Tuesday.

"So far the debate about the auction seems fairly neutral," said a top dealer at a U.S. bank. "People think it won't be too bad."

The market appeared generally to be marking time, awaiting some new development that might cause trading to break out of its limited range.

"There's nothing to go for at the moment, nothing at all," another

London Dollar Rates

Currency	Rate	Change
Deutsche mark	1.8757	+0.0007
French franc	163.50	+0.05
Swiss franc	1.5990	-0.0005
Japanese yen	150.70	+0.35
British pound	1.6005	-0.0005

Source: Reuters

U.S. trader said. He said that the market might have to wait until September, when corporate operators take a look at hedging requirements for next year, before it can find fresh direction.

In midsession trading in New York, the dollar was firmer but remained within a narrow range in lackluster trading, dealers said.

They said that continued tension in the Gulf was supportive for the U.S. currency, which is considered a safe haven, but the dealers were unable to agree on what general factors pushed the dollar upward.

The dollar was trading at 1.8757 DM, up from Tuesday's close of 1.8535, and at 150.63 yen, up from 150.20.

The release Thursday of U.S. leading economic indicators for June are not expected to have a

significant impact on sentiment, dealers said.

The pound gained one-tenth of a point on its trade-weighted index to end at 72.7, up slightly from a closing of 72.6 Tuesday.

Some traders said that the pound could revive in the near term after finding support below \$1.60. But overhead technical resistance remained in evidence at about \$1.6050.

British analysts remain divided over the health of the economy, with worries about constraints in industrial capacity still evident despite the release Tuesday of an upbeat report from the Confederation of British Industry.

This report was viewed as the major factor buoying sterling. But some analysts noted that plans for increased capital expenditures by major employers raised the odds of a surge in imports as manufacturers invest in foreign equipment.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8552 DM, down from 1.8575 DM on Tuesday, and in Paris at 6.1725 French francs, down from 6.1820. It closed in Zurich at 1.5995 Swiss francs, down from 1.5415.

Taiwan Dollar At High Against U.S. Currency

TAIPEI — The value of Taiwan's currency hit a record high on Wednesday at 31.03 Taiwan dollars against the U.S. dollar, following U.S. congressional action aimed at reducing the trade imbalance between the two countries.

Despite intervention from Taiwan's central bank, the Taiwan currency rose 5 cents on Tuesday, its sharpest single-day gain in six weeks. In the last 18 months, the currency has appreciated 23 percent against the U.S. dollar.

The U.S. Senate last week passed a trade bill that seeks to impose protectionist measures on countries that have a consistent trade surplus with the United States.

Taiwan's trade surplus with the United States was \$7.9 billion in the first half of 1987, a 35.1 percent increase over the 1986 first half.

Coke Executive Named Viacom Chief

By Arthur Higbee
International Herald Tribune

Frank J. Biondi Jr., chief executive of Coca-Cola Television, will become chief executive of Viacom International Inc., the media company acquired in March by Sumner M. Redstone.

Mr. Biondi will replace Terrence A. Elkes, who mounted a leveraged buyout offer for Viacom but was outbid by Mr. Redstone. Mr. Redstone ended up paying \$3.4 billion, and now controls Viacom through his closely held National Amusements Inc. of Dedham, Massachusetts.

Mr. Redstone, 64, will become chairman of the company, replacing Ralph M. Baruch. It was not clear whether Mr. Baruch would leave the company.

Mr. Elkes and Kenneth F. Gorman, Viacom's executive vice president, are leaving, but not immediately. The New York Times said Mr. Elkes had Viacom stock options worth about \$23 million as well as a "golden parachute" valued at \$2 million. Mr. Gorman's stock and options are worth about \$12 million.

Mr. Biondi, 42, joined the entertainment business sector of Coca-Cola as executive vice president in 1985. Last November, he was named chairman and chief executive of Coca-Cola Television. Previously he was with Home Box Office, the pay-television service owned by Time Inc.

Citicorp's new vice chairman and head of its investment bank, Michael A. Callen, said that he is determined to smooth the waters between his domain and Citicorp's institutional bank. But in an interview with the New York Times, he took pains to minimize frictions that reportedly center on the higher earnings of investment bankers.

Mr. Callen, 47, had been in charge of North American institutional banking at Citicorp. He replaces Thomas C. Theobald, who is leaving to become chairman and chief executive of Continental Illinois Corp. in Chicago.

Mr. Callen said Citicorp's image as a "large, powerful and too arrogant institution" is "something we have to work on and temper."

He added, "We're not looking at a warm, friendly institution. But that's an image that will be dealt with once the substance of that image is dealt with."

3Com Corp. has announced a number of key appointments relating to its plans to take over Bridge Communications Inc., its neighbor in Mountain View, California. L. William Krause, 45, who has been 3Com's president, will become chairman, succeeding the company's founder, Robert Metcalfe, who will remain as senior vice president for technology. William N. Carrico, Bridge's president, will become president and chief operating officer. Judith L. Estrin, Bridge's executive vice president, will head the Bridge division as a senior vice president of 3Com. Both companies make computer networks but they are at opposite ends of the market, with 3Com producing networks to link office personal computers in work groups and Bridge producing the networks to link those groups with larger departmental computer systems.

Westpac Banking Corp. of Sydney has named Alan R.L. Harper to its board. Mr. Harper is a partner in Allen & Allen & Hensley, a leading Sydney law firm, and director of several Australian companies.

Munsingwear Inc., the Minneapolis apparel maker, said Lawrence L. Horsch, a director, has been named chairman and chief executive officer. George K. Hansen had been president and chief executive officer but resigned to pursue other business interests, while the chairmanship had been vacant. The company said it is looking for a new president.

Westinghouse Sets New Lineup

The Associated Press

PITTSBURGH — Westinghouse Electric Corp. said Wednesday that its board plans to elect John C. Marous Jr. chairman and chief executive officer effective Jan. 1.

Mr. Marous, 62, a career Westinghouse executive and president of its Industries and International Group, will succeed Douglas D. Danforth, 65, who has held the post since 1983 and is to retire on Dec. 31. Mr. Marous joined Westinghouse's graduate student training program in 1949 after army service and has been a member of the company's policy-making management committee.

Mr. Danforth said the board also will elect Paul E. Lego, 57, to the posts of president, senior operating officer and director effective Jan. 1. Mr. Lego is senior vice president for corporate resources.

Stride Rite Corp., the shoe manufacturer based in Cambridge, Massachusetts, has recruited Michael W. Rayden as president and chief operating officer. Arnold Hiatt, 60, who has been acting as president since May 1985, will remain as chairman and chief executive officer. Mr. Rayden, 38, had been president of the Eddie Bauer sporting goods company, a division of General Mills Inc. Among Stride Rite's brands are Keds and Sperry Top-Siders.

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BOMBAY: Confidence at Low Ebb

(Continued from first finance page)

fool investors," said Ram Pipariya, one of Bombay's top financial consultants. As a result, many small investors are pulling out.

Mr. Pipariya added that big companies used the stock market speculatively to tap it for funds to add to company projects "instead of relying on good management of their existing resources and improving factory performance."

"I think a lot of people were taken in by exaggerated claims," Mr. Pandit said. He said that the absence of a watchdog body to warn investors and curb speculation had aggravated the difficulty.

"As a result they are unsure now, they don't want to suffer another setback."

In the last seven months, even the large corporations have been battered by the loss of public confidence. One of those frequently cited is the textile giant, Reliance Industries, which until recently was India's fastest-growing company.

In January 1986, Reliance shares touched a peak of 397 rupees (about \$33) a share. The share price now is about \$10.

Financial experts predict that the situation will stabilize. "A lot depends on the political situation and how soon it firms up," said Mr. Pipariya, referring to challenges to Mr. Gandhi's leadership.

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U.S. Treasury Delays Sale

United Press International

WASHINGTON — The U.S. Treasury said Wednesday it would postpone a major series of bond auctions pending congressional action to raise the federal debt limit.

Under normal conditions, the Treasury would have announced its plans to hold its quarterly sale of three- and 10-year notes and 30-year bonds. The government said \$29 billion of the bonds in each of the last two auctions and was expected to offer about that much in the next sale.

The auctions are important because they involve the largest amount of government debt and because the rates on the promissory notes influence what is paid for a variety of debt instruments.

Plans for the auction had to be changed because Congress has not lifted the cap on the amount that it permits the government to owe.

PERU: Excludes Foreign Banks

(Continued from first finance page)

financial community if it nationalizes banks.

Although Mr. Garcia has increased his popularity at home and achieved impressive increases in Peru's economic growth rate by snubbing the financial establishment, the country will need to turn to the banks for new loans sooner or later, the bankers said.

Mr. Garcia, who is beginning his third year in office, said he was proposing a takeover because the banks had discriminated against

the rural poor in their lending and had contributed to capital flight. The president alienated the foreign banking community shortly after taking power in July 1985 when he imposed a debt repayment ceiling of 10 percent of export earnings.

On Wednesday in Geneva, Peru's vice minister of foreign trade, Jose Ley Elias, defended the decision to limit debt repayments, telling delegates to the United Nations Conference on Trade and Development that developing countries faced an intolerable debt burden.

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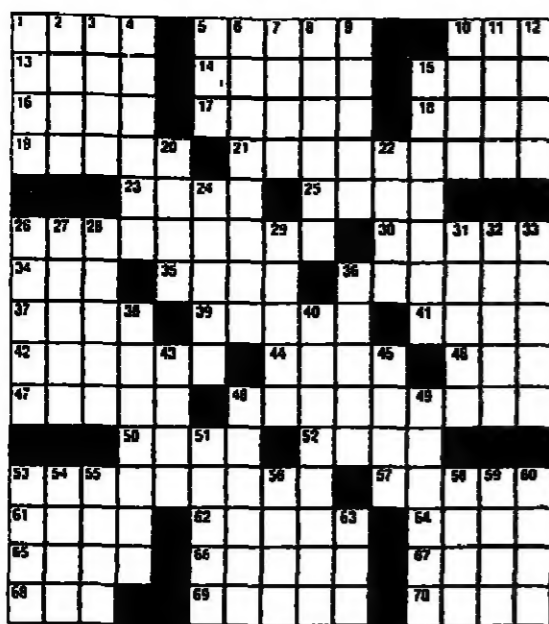
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ACROSS

1 Long N.F.L. pass
5 Roman earth goddess
10 Crazy
13 Asseverate
14 Young us
15 Challenge
17 Stage
18 Fitzgerald or Rines
19 Ponder with pleasure
21 Start of a quote by Aristotle
23 Thunder god
25 Fra—
26 Quote: Part II
30 Crown
34 Teachers' org.
35 Tidy
36 This once went far
37 Carper
39 Joseph in Egypt
41 Puses
42 All
44 Streamlet
46 Life story, far short
47 Delta from Detroit

DOWN

1 Loud noise
2 Ellipsoidal
3 Note
4 Respiration
5 Cockle
6 Heavily
7 Study
8 Outcome
9 Betel-nut palm
10 African country
11 Woody's boy
12 Cathedral official
15 Particulars
20 At that time
22 A chorister
24 Of ample girth
26 Constitute
27 Point Neuf
28 Sample
29 Kay or Ringo
31 Excuse in a whodunit
32 Relative magnitude
33 Heated crime
36 Ferret
38 Forte of S.E.
40 Morrison
42 Extremely rough action
43 Rod's adjunct
45 "— With Father—
46 Shop tool
48 Like Scrooge
51 Adjust
52 Stallone movie
54 Eye amorously
55 Sorrel's cousin
56 Hackman or Wilder
58 Fete
59 At all
60 Kennedy or Williams

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DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

STURB

NIUMS

BROJEB

KENASH

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

Yesterday's Jumbles: WIKED BROOK UNTRIE EMPLOY

Answer: How that ponderous timber tycoon moved—HE "LUMBERED"

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Amsterdam	19	14	Beijing	27	22
Berlin	20	15	Bombay	32	27
Brussels	20	15	Calcutta	32	27
Copenhagen	20	15	Chongqing	32	27
Dublin	20	15	Guangzhou	32	27
Hamburg	20	15	Harbin	32	27
London	20	15	Hong Kong	32	27
Madrid	20	15	Kobe	32	27
Moscow	20	15	Manila	32	27
Munich	20	15	Osaka	32	27
Nice	20	15	Seoul	32	27
Paris	20	15	Shanghai	32	27
Rome	20	15	Taipei	32	27
Stockholm	20	15	Tokyo	32	27
Vienna	20	15			
Zurich	20	15			

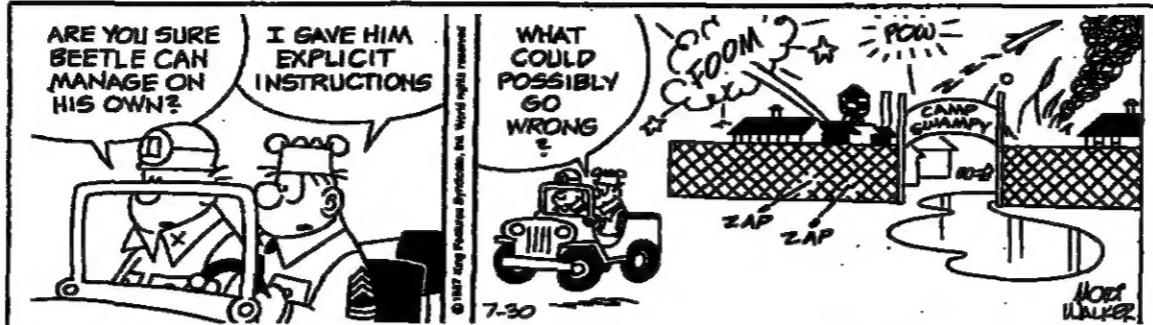
PEANUTS



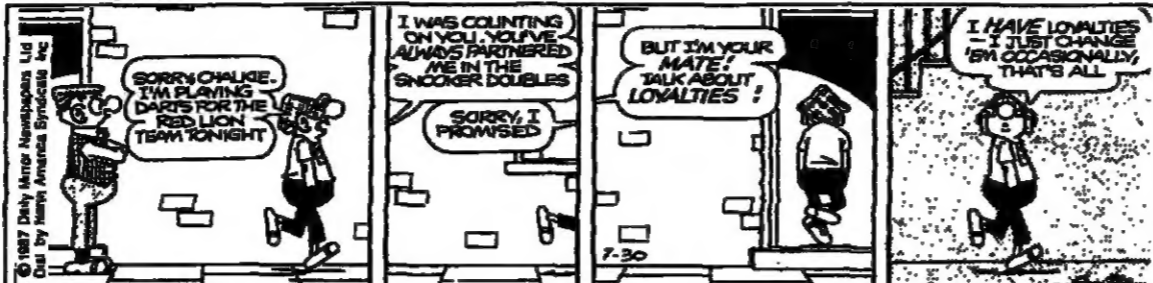
BLONDIE



BETTY BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

COLLECTED STORIES

By Carson McCullers. 392 pages. Cloth, \$18.95; paper, \$10.95. Houghton Mifflin, 2 Park Street, Boston, Mass. 02108.

Reviewed by Michiko Kakutani

"It happened that green and crazy summer when Frankie was twelve years old. This was the summer when for a long time she had not been a member. She belonged to no club and was a member of nothing in the world. Frankie had become an unjoined person who hung around in doorways, and she was afraid." In these opening lines to one of her most famous works, "The Member of the Wedding," Carson McCullers articulates the theme that would preoccupy her throughout her career: the apprehension of separateness experienced by introspective individuals and their yearning for some sort of connection with the world of others. In Frankie's case, she finds herself on the cusp of adolescence, exiled from the innocent world of childhood, and yet denied admission to the realm of grown-up freedoms and responsibilities. Like most of McCullers' characters, she is granted a fleeting glimpse of the possibilities of communion; but her intimations of what she calls "the we of me" only serve to set her up for a crushing disappointment. Having dreamed about sharing a new life with her brother and his young bride, Frankie is rudely stunned when they depart, alone, for their honeymoon.

They pleaded and begged with her, but she was already in the car," McCullers writes. "At last she changed the steering wheel until her father and somebody else had hauled and dragged her from the car, and even then she could only cry in the dust of the empty road: 'Take me! Take me!' But there was only the wedding company to hear, for the bride and her brother had driven away."

This moment when everything suddenly changes recurs in almost every one of these stories, dividing time inevitably into a "before" and an "after." Sometimes it's the moment when a cherished illusion or beloved person is lost; a chronic liar, used to living vicariously through her fanciful stories, is brutally confronted by a skeptic ("Madame Zeleny and the King of Finland"); a lonely

woman watches as the one man she's ever loved goes off with her mortal enemy ("The Ballad of the Sad Cafe"). And sometimes it's the moment when all the bright promises of youth abruptly slide out of reach: A writer, much heralded in his youth, realizes he's since become a failure and a joke ("Who Has Seen the Wind?"); a cocaine child prodigy, hearing her notes going glib and stale, reads disappointedly in his piano teacher's voice ("Wonderland").

What McCullers's heroes hunger for most of all is love, for in these stories, as in her novels, love has the power to heal and redeem. In "Sucker," a teen-age boy's love for a pretty girl spills over into the rest of his life: He feels a new tenderness toward his kid brother, and showers him with presents and attention. And in "The Ballad of the Sad Cafe," Marvin Macy's love for the homesick Miss Amelia goes him to abandon his wicked ways—he learns good manners, quits swearing and fighting, and reaches out toward God. Similarly, Miss Amelia's love for her hunchbacked cousin Lyman softens her hard heart and awakens her to the possibilities of laughter.

For McCullers's characters, love often resembles an obsession. It is something incalculable and wild, bearing little relationship to the nature of the beloved: "A most mediocre person can be the object of love which is wild, extravagant, and beautiful as the poison blues of the swamp. A good man may be the stimulus for a love both violent and debased, and of someone a tender and simple in the soul, jabbering madman may bring about the ruin of a life." Love, for them, is never wisely and violently, but it tends to scatter away just as precipitously, leaving them hurt, damaged and often bitter. The withdrawal of the girl's affection in "Sucker" causes the narrator to withdraw his displays of caring for his brother; and Miss Amelia's scorned love for Cousin Lyman causes her to retreat, forever, into the shadows of her house, a cross-eyed, sour recluse.

Miss Amelia's crossed eyes, Cousin Lyman's hunchback, another character's loss of an eye—such physical deformities are worn like symbolic badges of loss by McCullers's people, and they also allow her to indulge fully her penchant for gothic melodrama. While most of the shorter stories in this volume lack such obvious displays of the grotesque, they share a knowing authorial voice that tells us what to look at and how to feel. In fact, reading these stories 20 years after the author's death, one is struck by just how old-fashioned most of them are.

With its extravagant, folk-art characters, "The Ballad of the Sad Cafe" reads like a country-western song about love and loss, redemption and damnation, while "The Member of the Wedding" stands as a neat, three-act chronicle of a young woman's coming of age. In a sense, the other stories in this volume (though thought for her first time) feel like studies for or extrapolations of these novellas. They work variations on the same themes, but lack the full-bodied vigor of the longer works; and in that, they stand as interesting, though minor, additions to the writer's oeuvre.

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

IF THERE is no eight-card fit in a major suit, the choice often lies between five of a minor, with an eight-card fit, or four of a major with a seven-card fit, or three no-trump. Even with four hands in view the choice may not be clear. What should North-South select from the National Men's Pair Championship in St. Louis? Three no-trump? Four spades? Or five diamonds?

Three no-trump was the popular contract but in practice it proved to be difficult after a heart lead. One declarer was Peter Nagy of Chicago. In 1975 he and his partner were close to winning the World Pairs Championship and finished second.

win, won the next heart lead with the king, and tried a diamond to the jack. His next move was to run the club queen successfully, and he then tried a spade for the queen. West dropped the spade jack to unblock South led the diamond queen, hoping to pin a hypothetical ten in the East hand, and West covered with the king. Dummy's ace won and a third round of diamonds was won by the ten.

At this point the routine heart play would have been fatal. Nagy would have won with the king and entered his hand with a diamond lead, forcing East to part with a major-suit card. Then a spade lead would effect an endplay, for South would score two club tricks at the finish.

But West fearfully saved his partner from this fate. He

NORTH (D)			
♠	K9852		
♥	AJ42		
♦	Q		
♣			
EAST			
♠			
♥	QJ83		
♦	Q7		
♣	K82		

SOUTH			
♠	Q4		
♥	Q982		
♦	AJ976		
♣			

Neither side was vulnerable. The bidding: North: 1♠, 2♥, 3♠, 4♥, 5♠, 6♠, 7♠, 8♠, 9♠, 10♠, 11♠, 12♠, 13♠, 14♠, 15♠, 16♠, 17♠, 18♠, 19♠, 20♠, 21♠, 22♠, 23♠, 24♠, 25♠, 26♠, 27♠, 28♠, 29♠, 30♠, 31♠, 32♠, 33♠, 34♠, 35♠, 36♠, 37♠, 38♠, 39♠, 40♠, 41♠, 42♠, 43♠, 44♠, 45♠, 46♠, 47♠, 48♠, 49♠, 50♠, 51♠, 52♠, 53♠, 54♠, 55♠, 56♠, 57♠, 58♠, 59♠, 60♠, 61♠, 62♠, 63♠, 64♠, 65♠, 66♠, 67♠, 68♠, 69♠, 70♠, 71♠, 72♠, 73♠, 74♠, 75♠, 76♠, 77♠, 78♠, 79♠, 80♠, 81♠, 82♠, 83♠, 84♠, 85♠, 86♠, 87♠, 88♠, 89♠, 90♠, 91♠, 92♠, 93♠, 94♠, 95♠, 96♠, 97♠, 98♠, 99♠, 100♠, 101♠, 102♠, 103♠, 104♠, 105♠, 106♠, 107♠, 108♠, 109♠, 110♠, 111♠, 112♠, 113♠, 114♠, 115♠, 116♠, 117♠, 118♠, 119♠, 120♠, 121♠, 122♠, 123♠, 124♠, 125♠, 126♠, 127♠, 128♠, 129♠, 130♠, 131♠, 132♠, 133♠, 134♠, 135♠, 136♠, 137♠, 138♠, 139♠, 140♠, 141♠, 142♠, 143♠, 144♠, 145♠, 146♠, 147♠, 148♠, 149♠, 150♠, 151♠, 152♠, 153♠, 154♠, 155♠, 156♠, 157♠, 158♠, 159♠, 160♠, 161♠, 162♠, 163♠, 164♠, 165♠, 166♠, 167♠, 168♠, 169♠, 170♠, 171♠, 172♠, 173♠, 174♠, 175♠, 176♠, 177♠, 178♠, 179♠, 180♠, 181♠, 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Dodgers Win With Lasorda as 10th Man

Washington Post Service

Turn the clock back to December 1984. The U.S. team, with McEnroe and Connors playing singles, is in Sweden playing the Davis Cup final. The Americans lose the series, 4-1. Connors, whose wife is en route in Florida about to have their second child, behaves poorly. One month later, Louisiana Pacific, the corporate sponsor for the U.S. Davis Cup team, writes a letter to Gregson and theUSTA. "Something must be done," says the corporation, about the misbehavior

The USTA owes tennis fans one thing: the best possible representation in the Davis Cup. Every time out. For two years, it failed miserably, and the result is relegation. The United States is back on square one in the Davis Cup.

Angel Cordero Jr. triumphantly dismounts Lost Kitty.

By Steven Crist

"I'm glad it's finally over," he said, wearily sprawling on a patch of grass near the paddock. "It's taken a long time, a little too long. The last couple of days were tough

Juan for his father and rode his first winner there in 1960. He has won six Triple Crown races: the Kentucky Derby with Cammonade in 1974, Bold Forbes in 1976 and Spend a Buck in 1985; the Preakness on Codex in 1980 and Gate Dancer in 1984, and the Belmont on Bold Forbes in 1976.

Braves 6, Astros 1: In Atlanta, left-hander Zane Smith pitched a



Blue Jays 5, Red Sox 4: In Toronto, Jesse Barfield singled home Lloyd Moseby from second with

to spark the Angels to a 9-2 victory over the Oakland A's, snapping a four-game California losing skein. "I had a half-hour's sleep," said

Joyner," said California's general manager, Mike Port. "We were interested in Bill Buckner because he's Bill Buckner." (AP/UPI)

The Associated Press

Games will be played next month.



couraged to conduct voluntary testing.

The Associated Press

... ..

Baseball

[illegible]

AMERICAN LEAGUE					
East Division					
	W	L	Pct.	G	
New York	40	48	.450		
Baltimore	39	50	.438	1/2	
Detroit	39	41	.488		
Toronto	39	41	.488	1	
Minneapolis	30	48	.310		
Pittsburgh	26	54	.326	14	
Chicago	25	55	.310		
Cleveland	25	54	.315	24 1/2	
West Division					
	W	L	Pct.	G	
Minnesota	55	47	.539		
Seattle	48	52	.480	2	
California	47	50	.485		
Oakland	47	50	.485	3 1/2	
Los Angeles	47	50	.485	4 1/2	
San Francisco	47	50	.485	4 1/2	
Seattle	48	49	.490		
San Diego	48	50	.488		
San Francisco	48	50	.488	13 1/2	
NATIONAL LEAGUE					
East Division					
	W	L	Pct.	G	
St. Louis	41	47	.462		
Philadelphia	39	47	.451	6	
Pittsburgh	38	45	.456	7 1/2	
New York	37	47	.438	9 1/2	
Chicago	36	48	.429	11	
Philadelphia	35	48	.419	11	
Pittsburgh	35	48	.419	14 1/2	
West Division					
	W	L	Pct.	G	
Cincinnati	47	43	.520		
San Francisco	47	49	.488	2 1/2	
San Francisco	45	48	.484		
Los Angeles	45	44	.500	8 1/2	
San Francisco	36	54	.346	17	

(AI West Vancouver, British Columbia)

FIRST ROUND

United States: 3 Japan 4

Spain 5; 6: Argentina 7; 8: Argentina 9; 10: Chris Evert, U.S.; 11: U.S.; 12: Argentina 13; 14: Evert and Chris Garrard, U.S.; 15: Kikihara and Matsuda, 1-6; 16: U.S.

Italy 1; Belgium 5

Sandra Cecchini, Italy; 2: Italy; 3: Sandra Wassermann, 4-6; 4: Patricia Neal, Italy; 5: Ann R. Schmitt, 6-4; 6: Sandra Wassermann and Patricia Neal, 6-4; 7: Sandra Wassermann and Patricia Neal, 6-4; 8: Sandra Wassermann and Patricia Neal, 6-4; 9: Sandra Wassermann and Patricia Neal, 6-4; 10: Sandra Wassermann and Patricia Neal, 6-4; 11: Sandra Wassermann and Patricia Neal, 6-4; 12: Sandra Wassermann and Patricia Neal, 6-4; 13: Sandra Wassermann and Patricia Neal, 6-4; 14: Sandra Wassermann and Patricia Neal, 6-4; 15: Sandra Wassermann and Patricia Neal, 6-4; 16: Sandra Wassermann and Patricia Neal, 6-4

Return to Green 1

Katerina Malekovic, Bulgaria; 2: Olga Tarasova, 6-4; 3: Monica Melis, Italy; 4: Olga Tarasova, 6-4; 5: Monica Melis, Italy; 6: Olga Tarasova, 6-4; 7: Monica Melis, Italy; 8: Olga Tarasova, 6-4; 9: Monica Melis, Italy; 10: Olga Tarasova, 6-4; 11: Monica Melis, Italy; 12: Olga Tarasova, 6-4; 13: Monica Melis, Italy; 14: Olga Tarasova, 6-4; 15: Monica Melis, Italy; 16: Olga Tarasova, 6-4

Spain 1; Chile 1

Sara Sastre, Uruguay; 2: Carolina Escobar, 6-4; 3: Sara Sastre, Uruguay; 4: Sara Sastre, Uruguay; 5: Sara Sastre, Uruguay; 6: Sara Sastre, Uruguay; 7: Sara Sastre, Uruguay; 8: Sara Sastre, Uruguay; 9: Sara Sastre, Uruguay; 10: Sara Sastre, Uruguay; 11: Sara Sastre, Uruguay; 12: Sara Sastre, Uruguay; 13: Sara Sastre, Uruguay; 14: Sara Sastre, Uruguay; 15: Sara Sastre, Uruguay; 16: Sara Sastre, Uruguay

France 1; Austria 1

Isabelle Demisseau, France; 2: Pierre Baudry, 6-4; 3: Isabelle Demisseau, France; 4: Pierre Baudry, 6-4; 5: Isabelle Demisseau, France; 6: Pierre Baudry, 6-4; 7: Isabelle Demisseau, France; 8: Pierre Baudry, 6-4; 9: Isabelle Demisseau, France; 10: Pierre Baudry, 6-4; 11: Isabelle Demisseau, France; 12: Pierre Baudry, 6-4; 13: Isabelle Demisseau, France; 14: Pierre Baudry, 6-4; 15: Isabelle Demisseau, France; 16: Pierre Baudry, 6-4

Poland 1; Ireland 5

Suzanne Angermeyer, Indonesia; 2: Stephen Hineson, 6-4; 3: 2-1; 4: 2-1; 5: 2-1; 6: 2-1; 7: 2-1; 8: 2-1; 9: 2-1; 10: 2-1; 11: 2-1; 12: 2-1; 13: 2-1; 14: 2-1; 15: 2-1; 16: 2-1

Spain 1; Jamaica 1

Maria L. Garcia, Spain; 2: Mariette Harris, 6-4; 3: Maria L. Garcia, Spain; 4: Mariette Harris, 6-4; 5: Maria L. Garcia, Spain; 6: Mariette Harris, 6-4; 7: Maria L. Garcia, Spain; 8: Mariette Harris, 6-4; 9: Maria L. Garcia, Spain; 10: Mariette Harris, 6-4; 11: Maria L. Garcia, Spain; 12: Mariette Harris, 6-4; 13: Maria L. Garcia, Spain; 14: Mariette Harris, 6-4; 15: Maria L. Garcia, Spain; 16: Mariette Harris, 6-4

Australia 1; Denmark 5

Anna Maria, Australia; 2: Lene Vindgaard, 6-4; 3: Elizabeth Smyth, Australia; 4: The Scheer-Larsen, 5-7, 4-6; 5: Jenny Byrne and Peter Grubb, 6-4; 6: Lene Vindgaard and The Scheer-Larsen, 4-6, 6-2, 6-0

Golf

PGA Leaders

EARNINGS

[illegible]

PGA Leaders

EARNINGS		
	Tm	Money
1. Paul Azinger	18	\$588,962
2. Scott Simpson	19	\$484,592
3. Larry Mize	17	\$404,488
4. Curtis Strange	21	\$400,557
5. Payne Stewart	18	\$393,537
6. Ben Crenshaw	19	\$367,861
7. Mark Calcavecchia	20	\$361,718
8. Lanny Wadkins	16	\$248,345
9. Tom Kite	18	\$244,223
10. Greg Norman	19	\$234,720

SCORING
70, 18, 2, Div

Ben Crenshaw, 70.27, & Dan Pohl, 70.28, 5.
Bernhard Langer, 70.26, & Paul Azinger, 70.22
7. Payne Stewart, 70.25, & Fred Couples, 70.29
8. Tom Kite, 70.42, 10. Lanny Wadkins, 70.45

DRIVING DISTANCE

1. John McInnis, 204.2, 2. Davis Love III, 280.4, 3. Joey Sindelar, 229.4, 4. Mac O'Grady, 226.7, 5. Greg Norman, 277.3, & Fred Couples, 277.7, 6. Jay Don Blake, 273.4, & Phil Blackmar, 272.2, 9. Bill Glavin, 273.0, 10. Dan Pohl, 272.1

DRIVING ACCURACY

1. Calvin Peete, 324.4, 2. Mike Reid, 304.2, 3. David Edwards, 298.4, 4. Mike Sorensen, 294.5

L. A. Bruce L.J.
L. John Smith

GREENS IN REGULATION
1. Hal Sutton, 721. 2. Bruce Lietzke, 714. 3. Tom Watson, 712. 4. Mark McCumber, 711. 5. Scott Hoch, 706. & the Keeney Perry, John Mahoney and Jay Haas, 700. 7. 2 tied with 703.

PUTTS PER GREEN
1. Ken Brown, 1736. 2. Don Pooker, 1742. 3. Ben Crenshaw, 1743. 4. Larry Mills, 1251. 5. Lanny Wadkins, 1754. & Chris Perry, 1756. 7. Payne Stewart, 1757. & the Morris Hatakey and Scott Hoch, 1758. 10. Greg Norman, 1759.

EAGLES
 Lady and Da

BIRDIES

1. Davis Love III, 15. 4. He. Gene Sauers, John Mahaffey, George Burns and Jay Haas. 9. 5. 2 tied with 8.

BIRDIES

1. Dave Rummel, 288. 2. Curtis Strahan, 287. 3. Curt Byrum, 280. 4. Mark Calocavich, 278. 5. Ben Crestiano, 273. 6. Don Pohl, 272. 7. Mark AmCumber, 269. 8. Don Forsman, 268. 9. Ken Green, 267. 10. Keith Clearwater, 266.

ALL-AROUND LEADERS

1. Don Pohl, 176. 2. Paul Azinger, 200. 3. Scott Hoch, 243. 4. Dave Rummel, 257. 5. Payne Stewart, 262. 6. Greg Norman, 264. 7. the David Frost and Mark Calocavich, 278. 9. 2 tied with 298.

Autumn in the Air

Phil Simms, the New York Giants' quarterback, looks for a receiver during practice in Pleasantville, New Jersey. Simms led the team to victory in the Super Bowl last season. The National Football League season does not begin until September, but exhibition games will be played next month.

